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**EXPOSING INSTITUTIONAL INFLUENCES ON
ENTREPRENEURSHIP AMONG KUWAITI
YOUTH**

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**EXPOSING INSTITUTIONAL INFLUENCE ON
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YOUTH**

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Abstract

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This research focuses on the influence of institutions on entrepreneurship among Kuwaiti youth. It aims to capture the role played by institutions on youth entrepreneurship at the backdrop of a dampening 'spirit' for it. This research is currently very important due to various economic and geo-political factors leading to an economic downturn, which has led to the need for entrepreneurial ventures. It reviews and consolidates concepts and factors purported to facilitate and increase entrepreneurship for the benefit of the society and economy of Kuwait.

This research uses a social constructionist approach to make sense of how institutions influence Kuwaiti youth in their quest to become entrepreneurs. It exposes institutional endorsement and legitimacy from formal and informal institutions. It shows the use of regulative, normative and cognitive dimensions and influences on entrepreneurial intentions and actions.

This research shows how institutions interact with Kuwaiti youth and what role they play in the formulation of intentions and actions concerning entrepreneurship. A number of key formal and informal institutions have come to the fore that influence one another (in)directly as living entities, and likewise influence the youth (in)directly. The research contribution also shows that young people have to approach some key institutions and in return their desire to become entrepreneurs is strengthened or weakened depending on how institutions respond and what role they are willing to play in their lives.

Key words: Entrepreneurship, Institutional Theory, Kuwaiti youth, Social constructionism.

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Dedication

I would like to extend my deepest appreciation and gratitude to my beloved
wife,

Wafaa Eddamirhi

for her undying support and patience.

Also, I would like to consider all my children,

Khaled, Shaikha, Fouz, Mohammad and Hamza AL-Methen

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Last but not least, I would like to dedicate my work to my late parents,

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knowledge and success.

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Glossary

CBK- Central Bank of Kuwait

CCI- Kuwait Chamber Of Commerce and Industry

GCC- Gulf Corporation Council

IBK- Industrial Bank of Kuwait

ISBE- Institute for Small Business and Entrepreneurship

KOC- Kuwait Oil Company

KPC- Kuwait Petroleum Company

KSA- Kingdom of Saudi Arabia

KSPDC- Kuwait Small Project Development Company

KWD- Kuwaiti Dinar

MBBL- Million Barrels

MGRB- Man Power Governmental Restructuring Program

MOC- Ministry of Commerce

MOF- Kuwait Ministry of Finance

MOP- Kuwait Ministry of Planning

MOSAL- Ministry of Social Affairs and Labour

OECD- Organisation for Economic Co-operation and Development

OPEC – Organization of the Petroleum Exporting Countries

SBFK- Small Business Forum Kuwait

SCPD- Supreme Council Planning Department in Kuwait

UAE- United Arab Emirates

USD- United States Dollars

CHAPTER ONE: INTRODUCTION

1.1. Chapter Introduction

This research investigates the institutional influences on entrepreneurship among Kuwaiti youth. The research has come at a crucial time when the economy of Kuwait is on the downturn due to various economic and geopolitical factors, albeit for the short term, and the need to engage in entrepreneurial ventures is crucial (SCPD, 2013; World Bank, 2015). This study makes use of a social constructionist approach along with Institutional Theory as a sense-making device for undertaking this research. This combination is suitable for exposing the influence of institutions on the entrepreneurial intentions and actions of Kuwaiti youth. Such entrepreneurial person's intentions are subjective, which become objectified into 'actual' assumptions over time (Scott and Meyer, 1994). Institutions can influence a person's intention, as a subjective experience, which then affects their actions (Harper et al., 2012; Miller and Breton-Miller; Scott and Meyer, 1994; Scott, 1995, 2008). Those who gain social/institutional backing through sanction and legitimacy have a better chance of becoming actual entrepreneurs (North, 1990). Institutional backing comes in the form of endorsement and legitimacy from formal and informal institutions in the state of regulation, norms and cognition concerning entrepreneurship (Scott, 2008).

1.2. Background to the Research

Kuwait has rapidly transformed itself from a traditional maritime and merchant society, into a modern country over the past half-century. Before the discovery of oil in the 1940s, native Kuwaitis used pearl collection, shipbuilding, trading and transporting goods by sea and land in order to convert Kuwait from a fortress into the trading centre between the East and Middle East (Casey, 2007). The sea and land journeys provided openness to new and diverse societies and ideas. This provided them with flexibility, open-mindedness and readiness to accept all new and profitable ventures (Al-Shulimi, 2013). Therefore, during the pre-oil era, Kuwait could be described as an entrepreneurial country.

After the oil discovery in the 1940s, however, the country's entrepreneurial 'spirit' was dampened and Kuwait has gradually drifted into a non-entrepreneurial era. Ample hydrocarbon resources made it one of the most affluent countries in the world. Its native population enjoyed generous social services, unemployment was almost zero and the level of income per head was among the world's highest in 2009 (World Bank, 2009). Kuwait has also been a forerunner in the Arab world in fostering individual freedom and democratic participation. This resource abundance and access impacted native Kuwaitis and had a negative impact on entrepreneurship in Kuwait. Recently, according to the MGRP (2013) statistics, less than 1% of the population is a full-time entrepreneur. SCPD (2013) also reported that the business start-up rate in Kuwait was only two new businesses per 1,000 inhabitants.

One of the essential decisions that the Kuwaiti government made in order to overcome the above-mentioned challenges was to revive its heritage of entrepreneurship and to depend on its young people to assume this role (SCPD, 2009). This was based on the view that entrepreneurs can play an important role in fostering the development of the small business sector and to develop the country's economy to become more diverse (UNCTAD, 2007). Evidence provided from local Kuwaiti entrepreneurship organisations shows that there have been many attempts by the state to reform its policy in order to promote entrepreneurship (SCPD, 2009). For example, the state established the National Investment Fund with USD 330 million to fund young entrepreneurs. This was in order to assist the development of the economy through the creation of small businesses by developing technical skills (KSPDC, 2011). However, the rate of start-ups remained persistently low, and most of the young native Kuwaitis tend not to become involved in entrepreneurship (KSPDC, 2011). Therefore, it would be highly interesting to look at the reason for a lack of uptake in entrepreneurship. Kuwait as a context would be very relevant to wider understanding of entrepreneurship, especially to Middle East and North Africa Nations (MENA) countries due to commonalities between them (Hofstede, 2013).

1.3. Research on Entrepreneurship in Kuwait

More recently the Kuwaiti government has realised that private enterprise is viewed as a way to reduce their reliance on crude oil and expatriate workers (SCPD, 2009; World Bank, 2009; Zeidan and Bahrami, 2011; Alhabidi, 2013).

Limited literature has been found on entrepreneurship, particularly in Kuwait. There is even less research focusing exclusively on entrepreneurship of the native population (Al-Wugayan and Alshimmiri, 2010; Naser et al., 2012). However, the experience of natives, ought to be seen as distinct from immigrant or expatriate entrepreneurs because they are more closely attached with the traditional institutional structures of Kuwait. They are the main beneficiaries of re-distributive welfare state policies, thus this study focuses on native Kuwaitis.

Research by Baland and Francois (2000) and Torvik (2002) concludes that the entrepreneurial process is marginalised because of the wealth boom and an increase in welfare-seeking in countries like Kuwait. They show that higher welfare benefits are a significant factor behind the shifting of entrepreneurs from a productive part of the economy to unproductive public sector parts (Auty, 2001; Karl, 1997). The study emphasised the role of the welfare state, as a formal institution, in the Kuwaiti context with the entrepreneurial process. It shows that most young Kuwaitis abandon their entrepreneurial aspirations to join public sector jobs. These jobs are one of the tools the welfare state uses to distribute national wealth among its citizens.

On the other hand, Fogel et al.'s (2006) study indicates that business families try to prevent the market entry from potential entrepreneurs by controlling the Wassita and access to formal finance provided by the Government Fund Department. As a result, those with entrepreneurial intentions and actions may drop out of the entrepreneurial process in many cases. Thus, literature

raised a concern that social capital can suppress entrepreneurship when a dominant group excludes subordinates from the information, influence and solidarity benefits it enjoys. Suppression is malevolent when powerful groups consciously exploit resource monopolies, to lock less powerful groups out of entrepreneurship (Adler and Kwon, 2002:31), in which it is applicable in the Kuwait context. Business families make sure that their control gives limited access to only those whom they want to provide it to.

Fatoki and Chindoga (2011) discuss the relationship between an individual's ability to obtain their funding from the government and if this encourages them to think about becoming involved in the entrepreneurial process. However, as the findings from this study suggest, young Kuwaitis who intend to become entrepreneurs, show that they are not worried at this stage about securing access to finance. Van Stel et al. (2007) argue that if nascent entrepreneurs lack financial resources, it would be difficult for them to initiate or start up their business. The same goes for actual entrepreneurs, as running, operating and developing existing businesses is difficult in the absence of, or limited access to, finance (Parker and Belghitar, 2006; Davidsson and Gordon, 2012). This study also looks at the role of financial resources for intending entrepreneurs, which is in line with the general literature. Access to finance is an important factor for intending entrepreneurs to secure otherwise they are not able to start up or run their business. Thus, government programmes are focused on providing financial support or preferential treatment for entrepreneurial ventures (Wong and Ho, 2007; Spencer and Gomez, 2004).

Fatoki and Chindoga (2011) define the importance of the need for achievement and locus of control for its role in assisting latent, nascent and actual entrepreneurs to overcome the challenges they face while they pursue entrepreneurship opportunities. The importance of need for achievement and locus of control is not in abstract but on how it contributes in driving entrepreneurs to move from one stage to the next in the specific institutional and resource contexts. An individual with an external locus of control is one who believes that fate, luck or chance are circumstances out of their control and other people can affect their control over an event in their lives (Koh, 1996; Hansemark, 1998).

This research aims to review and consolidate concepts and factors purported to facilitate and increase entrepreneurship for the benefit of the society and economy of Kuwait. Hence, attention will be paid to both aspects of entrepreneurship and social constructionism and a comprehensive research study will be undertaken to understand the assumption and then behaviour of Kuwaiti youth.

There are two types of institutionalism: classic institutional theory and neo-institutional theory (which will be discussed in more detail in the literature search chapter). However, from the perspective of this research the three pillars of institutions are highly useful and will be used to see how and why young Kuwaitis do and do not engage in entrepreneurial behaviour. Firstly, institutions are regulative, normative and cognitive, as illustrated in Table 1:

Table 1: Three Pillars of Institutions

	<i>Regulative</i>	<i>Normative</i>	<i>Cognitive</i>
Basis of Compliance	Expedience	Social Obligation	Taken-for-Grantedness Shared Understanding
Basis of Order	Regulative Rules	Bindings Expectations	Constitutive Schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules, Laws, Sanctions	Certification Accreditation	Common Beliefs Shared Logics of Action
Basis of Legitimacy	Legally Sanctioned	Morally Governed	Comprehensible Recognisable Culturally Supported

Source: Scott (2008: 51)

Scott (2008:48) believes that institutions regulate use of normative and cognition aspects to impact. Jepperson (1991) and Zucker (1977) also hold that regulative, normative and cultural-cognitive aspects are pertinent building blocks for institutional structures and help them like elastic fibres that guide behaviour and resist change (Scott, 2008:49). Scott (2008:94) believes that institutions are created and achieve stability and legitimacy. They always challenge and borrow from previous institutions. According to him, social agents are central in institutions and he refers to them as causal agents, who possess relevant intention and self-interest.

Here, actors, as causal agents, are methodological individualistic agents, where they construct rules and requirements deliberately, strategically and are calculating in mind. Actors, as causal agents, emerge from the operation of even more ephemeral processes. Particularly in early accounts, shared understandings, common meanings and taken-for-granted truths seem to

have no parents, no obvious sources, no obvious winners or losers (Scott, 2008:96).

1.4. Research Aims and Questions

This research aims to uncover how institutions influence their environment in making young people actual entrepreneurs, by focusing on their intentions and actions. This research aims to contribute to existing knowledge by investigating the nature and effect of institutions on entrepreneurship among Kuwaiti youth. The study makes use of the social constructionist approach in making sense of the interaction between Kuwaiti youth with entrepreneurial intentions and actions. It encapsulates the impact of institutions on youth entrepreneurship and shows how their intentions and actions are affected. The results will show how institutions have a strong impact on entrepreneurship in that informal and formal institutions are influential. Their presence, practices and procedures influence the thinking of social agents in society. Kuwaitis comply with institutional regulations and norms and align their cognition accordingly. Furthermore, it was found that institutions change and evolve over time. This change then affects the society and Kuwaiti youth are no exception. Hence, they are 'living' entities, they interact between themselves and have direct and indirect impacts on one another. The aim of this research is to:

1. Explore how different Kuwaiti institutions influence entrepreneurship amongst Kuwaiti youth.

2. Identify the nature and effect of particular institutions in creating young entrepreneurs in Kuwait.
3. Assess the evolution of institutions and their impact upon Kuwaiti society, especially the youth.

The main research question for this research is:

How do institutions affect entrepreneurial intentions and actions among Kuwaiti youth?

The sub-research questions are:

1. What role do particular institutions play in influencing Kuwaiti youth to formulate entrepreneurial intentions and ideas?
2. What role do particular institutions play in assisting Kuwaiti youth to bring the intentions into existence through their actions?

The research design is concerned with particular strategies and methods employed to answer research questions and meet the research aims. A research design should be developed on the basis of the research goal and corresponding questions (Onwuegbuzie and Teddlie, 2003; Tashakkori and Teddlie, 2010). The purpose of the study is to assess the influence of institutions on entrepreneurial intentions of Kuwaiti youth and how their intentions can potentially become actual actions. The study's main participants are Kuwaiti youth who are either intending or actual

entrepreneurs. Their views are gathered in relation to the lessons they have learnt through their experiences of trying to become entrepreneurs. Hence, the nature of the data is qualitative, involving interviews that are then transcribed and coded for analysis using thematic analyses.

This research was carried out using a social constructionist approach in order to look into the phenomenon with social actors helping to encode the complexity of the phenomenon (Bryman, 2008). Therefore, social actor values and beliefs may naturally influence and shape the investigated reality. It is claimed here that these social actors will construct their reality (Bryman and Bell, 2007; Easterby-Smith et al., 2008).

Participants for interviews were selected carefully based on the non-random sample strategy. During the analysis of this study thematic analysis will be used to identify patterns and themes in descriptive data, in the form of narratives and statements (Daymon and Holloway, 2010), bringing order, structure and meaning to data collected (Marshall and Rossman, 1995). Interviews conducted for the research and the secondary data were in Arabic that was translated into English.

1.5. Organization of the Thesis

Chapter 2 provides the research context as the environment within which the research is conducted. It shows that the entrepreneurial spirit of the country has been dampened and that there is a need to reinvigorate it. Also, the importance of context is defined.

Chapter 3 provides the literature review and then focuses on the conceptual framework. It aims to build a theoretical foundation for the research through a critical review of the existing and relevant literature on the topic. It consolidates and collates the studies on mechanisms and factors surrounding entrepreneurship. The examination of these studies establishes the boundaries. The chapter ends by revealing a specific framework from institutional theory (Scott, 2008) to fill the research gap, which is to explore the influence of institutions on entrepreneurship.

Chapter 4 provides research methodology, discusses the research design and outlines the research philosophy followed in this research which is a social constructionist approach. It presents the research approach and methods used to conduct the empirical investigation, with an explanation behind the choice. The chapter also explains the data analysis techniques used in this study and addresses the criteria for judging its methodological rigour.

Chapter 5 provides the research results and findings, where analyses are provided as basic findings and detailed analyses. Here, the personal reasons and intentions for becoming entrepreneurs are highlighted along with the impact of many types of institutions. Here, the link between the two are identified and then reported.

Chapter 6 provides a detailed discussion of the findings, where it discusses the major findings of the study in the context of the past literature aligned to the conceptual model posited that hypothesises.

Chapter 7 provides the conclusion to the thesis and shows the achievement of this research. It then makes relevant recommendations and presents possible limitations of the study.

1.6. Chapter Conclusion

This chapter serves as a map to the thesis and lays out the groundwork for the research. It has provided a background to the study, the importance of this study and a conceptual framework. It highlights the need for a good understanding and assessment of how institutions influence entrepreneurship of Kuwaiti youth. This chapter has also outlined the main objectives of the study, the research questions and briefly described the approach to the research.

CHAPTER TWO: KUWAIT IN CONTEXT

2.1. Chapter Introduction

An understanding of research context is crucial in appreciating the complexity, complications and many hurdles involved in a situation such as youth entrepreneurship. Understanding of context also enhances one's wider understanding of entrepreneurship beyond Kuwait. This research focuses on the influence of institutions on their environment and, in particular, how they help or hinder entrepreneurship among young people in Kuwait. Special attention is paid to how institutions influence a young person's intentions and actions. The context plays an important role in shaping intentions and much learning can be achieved to enhance wider understanding of the phenomenon being researched, which in this case is entrepreneurship. This chapter highlights the existence of several types of informal and formal institutions in the Kuwaiti context that influence entrepreneurship. It provides the context within which this research is based and its impact on the youth population of Kuwait (a further description of Kuwait is provided in Appendix A). Context is important in the formation of intentions, through many means such as approval, sanction and endorsement, and people then act accordingly (Scott, 2008). This chapter therefore highlights the context for researching how an entrepreneurial person's intentions and subjective assumptions could become objectified into actual assumptions over time, dependent upon their social settings, interpretations and influence of institutions in their environment. The aim of the chapter is to expose how the Kuwaiti context can be used to enhance understanding of how institutions

play a role in encouraging entrepreneurship and also how a wider understanding of entrepreneurship can be achieved.

2.2. Kuwait as a Relevant Study Context

Kuwait is an example of intensified development in the Middle East and a flagship example of prosperity founded upon discovery of oil over four decades ago (CBK, 2012). However, Kuwait has entered an era of critical economic challenges and its need to create entrepreneurs increases, despite the oil prosperity which has led to a dominant role by the central government in the management of economic affairs. In order to deal with future uncertainties Kuwait's government needs to look to the private sector's involvement by way of business start-ups and operations. This creates a potential role for Kuwaiti youth and makes Kuwait a very relevant context for studying entrepreneurial intentions and possible actions by its youth. This will help us to understand entrepreneurship more widely given that a similar dilemma is faced by several Middle Eastern Nations (MENA).

The background to encouraging entrepreneurship in Kuwait is that the government systems and institutions, which secured social standards and wealth distribution, are no longer suited to cope with the new challenges of population growth and declining oil revenue. The ever-changing population dynamics and the rapid shifts in the internal economy have created these challenges that Kuwait must address immediately in order to build the

foundations for a sustainable future (SCPD, 2009), possibly through encouraging entrepreneurship by young people.

2.2.1. The Demographic Challenge

Not only does Kuwait have economic uncertainty, but there are also demographic challenges, where its population of 1.3 million is expected to continue to grow rapidly to 2.2 million by 2030 (PACI, 2013). This rapid population growth has produced an age pyramid that is more projected towards the younger generations. Half of Kuwait's current national population is under the age of 20. While these attributes are common amongst emerging countries, especially in the MENA region, this may lead to a significant challenge for the future where a large number of young Kuwaitis will enter the job market.:

In Kuwait, it has been seen that the growth in the population participating in the workforce is significantly low in comparison to the overall population. A larger section of the population is the young people who are in education and simultaneously low female labour force participation creates social and cultural constraints. There are many young people graduating from universities and institutions of higher learning and meanwhile the government is not able to meaningfully employ most of these young Kuwaitis in the government or public sector, which has been the dominant employer of most Kuwaitis (MGRP, 2013). The uprising in neighbouring Muslim countries has created social unrest and economic turmoil mainly because of youth

unemployment. Therefore, the youth need to be involved in useful activities and ventures that benefit Kuwait rather than threaten it and undermine the integrity of its government. Rather than playing the role of the 'nanny state' Kuwait needs to encourage self-initiative and responsibility with long-term skill development.

Kuwait has a dual labour market, in which most Kuwaitis are absorbed by the public sector. The government census and other statistical studies indicate that, in 2013, the total workforce in Kuwait (citizen and non-citizen) consisted of 2,088 million workers, with only 16% being Kuwaitis. Among employed Kuwaitis, around 78% worked in the public sector¹, 17% were engaged in the private sector and the remaining 5% were categorised as unemployed. This means that only 3% of all private sector employees in Kuwait were actually Kuwaitis² (PACI, 2013). As a result of its employer-of-last-resort policy, Kuwait has proportionately been one of the largest public administrations in the world, employing 19% of all workers (SCPD, 2009).

2.2.2. Over-Reliance on Oil Energy

In the year 2012, oil was roughly half of Kuwait's GDP contribution while much of the rest depended indirectly on opportunities created within oil income (CBK, 2012). Hence, the oil industry is the main contributor to the

¹ Equals 82% of all employed Kuwaitis (Public Authority for Civil Information, 2013).

² Even after removing the unskilled labour component of the 1.2 million private sector employees (by earlier suggestions of 70%), the ratio becomes one Kuwaiti for every six non-Kuwaiti workers in the private sector (SCPD, 2009).

Kuwaiti economy, with high oil reserves that could last for more than 70 years (KPC, 2010). However, the country's over-reliance on oil introduces various challenges. For example, insecurity about expansion in oil production; the planned expansion from 2.6 million in 2010 to 4 million barrels per day by 2020 has been discussed for years, yet little progress has been made. Analysts argue that restrictions on foreign participation in the energy sector prevent Kuwait from acquiring the technology and know-how necessary to exploit its heavy oil and natural gas resources (SCPD, 2009). This may lead to falling production per capita, where the ever-growing Kuwaiti population may lead to a substantial reduction in oil revenues per capita. If the population continues to grow at the present rate, oil production per Kuwaiti citizen is likely to fall from 958 barrels, as in 2008, to roughly 705 barrels in 2030 (SCPD, 2009).

Kuwait is one of the unique countries in the world where the comprehensive taxation policy is not well developed. Taxes are levied to those foreign companies, which operate locally. Thus, the cost of all public activities is entirely borne by the oil companies. As per the resource allocation plan, the total transfer of revenues goes to the government from these companies. Less reliance on the taxation policy allows the government to channel the oil revenue into the economy through its national budget programme for different capital and current expenditure programmes (Al-Rasheed, 1978). As such, heavy dependency on the oil sector makes Kuwait's economy extremely vulnerable to the different external factors. It is therefore imperative that the economy be diversified to reduce its over-dependence on oil.

Furthermore, oil will continue to be a competitive source of energy for the near future with volatile prices in the upcoming years. The further expansion of alternative sources of energy may put further downward pressure on the price of oil, even though global energy demand will continue to grow significantly. There is a gradual global shift away from hydrocarbon fuels, due to concerns about global warming (KPC, 2010). In addition, official reserves stood at more than 100 billion barrels in 2007 (KPC, 2010), yet these numbers have been disputed due to an article published in 2006 speculating that Kuwait's oil reserves were less than half the official estimate, resulting in a much earlier depletion of the reserves than expected³ (SCPD, 2009). Given the demands of a growing global market, an increase in oil production beyond four million barrels per day is planned for 2020, which in turn, will accelerate the depletion of oil reserves (KPC, 2010). Contingencies need to be in place to deal with the diminishing of oil as a resource and source of revenue.

2.2.3. The Fiscal Challenge

The vast reservoir of oil resources and relatively small population resulted in 12 years of budget surplus for Kuwait since the financial year 1998/1999. In 2008/2009, Kuwait posted USD 80 billion in government revenues and a

³ In May 2006, Kuwaiti energy planners came under pressure from the national assembly and the public to verify the size of the country's crude oil reserves, after sources from KOC were quoted in their report as stating that reserves stood at approximately half of the 97 billion barrels officially declared at the time (KOC, 2010).

budget surplus of USD 15 billion or 15% of GDP (CBK, 2012). The surplus funds are overseen and actively managed by the Kuwait Investment Authority (KIA), with substantial cash reserves and total assets of more than USD 200 billion (CBK, 2012). The proposed increase in oil production will result in increased production from 2.6 to 4 million barrels per day by 2020, which has the potential to increase oil revenues even further (KPC, 2010). Despite these positive trends, Kuwait's public finances face serious challenges due to excessive and wasteful spending on labour wages. Total government spending increased by 2.64 times in the four years to 2008 at a compound annual rate of 27%, being largely attributed towards wages, salaries and government subsidies. This spending pattern produced a significant unproductive allocation of resources, despite depending on the government as a single source of income.

Currently, the majority of Kuwaiti workers are completely dependent on government employment, a situation which could lead to substantial political tension (SCPD, 2009), where shortcomings in the budgeting process, such as imperfect categorisation of expenditures on large expensive items, are sometimes buried and not clearly publicised (e.g. subsidies for water, electricity, petroleum and government military spending) (World Bank, 2009). Due to fluctuations in the oil prices, reliance on oil revenues in the long term is not a good strategy. The entire oil prices could be under downward pressure due to the discovery and development of other resources of energy. In addition, rapid growth in population and labour supply are forecasted as it

is suggested that Kuwait's population will double by 2030. It will be impossible to continue absorbing Kuwaitis into the public sector without creating a huge budget deficit. However, it is of importance to this study to investigate how such entrepreneurship is influenced by the country's formal and informal institutions.

2.3. Ease of Doing Business in Kuwait

According to the World Bank's 'Doing Business Report' (2015), out of 181 economies, Kuwait is ranked 86 in ease of doing business (World Bank, 2015), while other countries in the Gulf, which have the same economic and social mix, have substantially expanded their non-oil economies. Even by regional standards, the number of new business creations is extremely low. By comparison, the Kingdom of Saudi Arabia (ranked 49 in ease of doing business) has embarked on an accelerated reform drive over the past two years that has earned it the accolade of the 'World's Fastest Reformer' (World Bank, 2015). The Kingdom has made particular efforts to facilitate the opening of new businesses.

The Kuwaiti government proposed different kinds of plans in the early 1990s. This was done to reduce the over-dependence on oil. All the work plans consisted of a certain vision to make radical reforms in the public sector. In other words, Kuwait is a relatively difficult place to do business. The country ranked 45 out of 128 in the World Economic Forum's Global Competitiveness Index 2014, lower than regional rivals Qatar, Saudi Arabia and the United Arab Emirates. Its institutions were ranked 40 in the same Index, with most

survey respondents quoting government bureaucracy, restrictive labour regulations and corruption as their main frustrations (SCPD, 2014). The challenge of beginning a business in Kuwait can be found in three areas: the process of starting a business, the process of licensing and operating it and the process of shutting it down.

However, despite the apparent willingness of the Kuwaiti government to encourage entrepreneurship there are many technical and regulatory difficulties. For example, the intricate business classification system adds ambiguity to the licensing process and creates several constraints for an organisation to expand beyond its original area of registration. For example, restaurants are broken down into multiple closely related categories, such as fast food restaurants, restaurants with a café, seafood restaurants, fried, grilled and fish restaurants and restaurants with a central kitchen. Furthermore, there is no flexibility for categories not included in the list, which means if a person wishes to start a business for which a category is not yet defined, there are no straightforward procedures to resolve such cases, often leading to delays of up to one year (CBK, 2013).

Another challenge entrepreneurs face is when they require a special business licence. In addition to the general licensing and registration fees, businesses requiring special licences can end up paying dearly for the latter, where the cost varies depending on the line of business (CBK, 2013). Furthermore, getting a business licence is a tedious process, for example, an independent web designer cannot obtain a business licence to work from home since he/she must first provide a leasing contract to prove that he/she

has 'premises' to operate from. For applicants with premises, it can take up to six months to finally obtain the licence, which means they must pay six months' rent while receiving no business income (SCPD, 2009).

The minimum age to register a business in Kuwait is 21 years. Considering that some of the world's most successful companies, including Microsoft, Dell and Apple were created by students aged under 21 working out of dormitory rooms or garages, this is a somewhat short-sighted policy. For certain businesses, ministries may ask for complete lists of products along with specifications, costs and prices (CBK, 2013).

Closing a business in Kuwait is even more difficult than starting it. The process is itself messy and prolonged. It takes 4.2 years on average to completely close a business in Kuwait. In addition, the average recovery rate, in case of bankruptcy, is low: 33 cents in the dollar, as opposed to 42 cents in Algeria, 63 in Belize, 87 in Denmark and 91 in Singapore. According to MGRP (2013) statistics, less than 1% of the population is a full-time entrepreneur (formal entrepreneurs). SCPD (2013) reported that the business start-up rate in Kuwait was only two new businesses opened per 1,000 inhabitants.

2.4. Kuwait's Institutions

Kuwait has several institutions that can be associated with business and entrepreneurial activities in the country. The subsections to follow detail the

contemporary formal and informal institutions which have emerged from some traditional and culturally significant institutions. There are at least six predominant institutions that influence young Kuwaitis (three informal: family, Wassita and business families; and three formal: government welfare state (offering jobs), government fund and business licensing). The aim is to explain how these institutions work so that the degree of their impact upon the entrepreneurial direction of Kuwaiti youth can be distinguished.

2.4.1. Formal Institutions

2.4.1.1. Ruling Family as Kuwait Government

The 'ruling family' is a historical formal institution that now governs Kuwait, and hence has become the government. The ruling family is the Al-Otoub tribe, which immigrated to Kuwait in the early 18th century (between 1720 and 1730) and developed the structure of the country in the political, economic and social spheres (Sidak and Baumol, 1995). Other large families who migrated to Kuwait were the Al-Sabah, who have since been the rulers of Kuwait; the Al-Khalifa who took up and led the sea business; and the Al-Galahma families who provided the backbone – the workforce. Kuwait became a class society with the Al-Sabah family being the ruling family, the Al-Khalifa family being the business people and the Al-Galahma family with other families being working class families (Davis and Shaver, 2012). Of these three classes, the business people were by far the most powerful and dynamic social force. They were the merchants with enterprising spirit who

provided the ruling family with income in the form of customs duties and provided employment for the rest of the community (Casey, 2007).

Al-Rasheed (1978) pointed out that the ruling family (Al-Sabah) realised the importance of international trade in the early stages. They provided both safety and security, which were considered important for controlling a region. The rulers from the family used to take stringent measures against those who wanted to disrupt security, both on the seas and in the countryside. In 1841, the ruling family of Kuwait signed an agreement with the British government on how to combat marine piracy. Due to political and security stability in the Arab Peninsula, the number of expatriates increased. These were mainly rich people from different areas such as Najd (currently the Kingdom of Saudi Arabia), Persia and Iraq who came and settled in Kuwait.

On the 18th January 1899, a secret agreement was signed between Major M.J. Meade, the British political resident in Bushire, and Al-Mubarak, the then ruler of Kuwait, to establish Kuwait as an official British protectorate in the Gulf. This helped in protecting trade and prevented a possible Russian takeover of Kuwait. This eventually led to certain economic progress and developed into modern Kuwait.

In the pre-oil era the ruling family, which represents the government, was ruling on a tribal base. It legislated many laws to support entrepreneurship for Kuwaitis. After the oil era (specifically after Kuwait's independence from the British treaty) the state became modernised and acquired sudden wealth, in which it did not forget the old agreement (when Kuwait was established in the

18th century) sharing the state wealth with its citizens, and therefore the government adopted the welfare system under a new government.

The Kuwaiti government introduced policy measures in the early 1990s that were meant to reduce the excessive dependency on oil revenues and instead diversify the economy. The policy measures were also meant to radically reform the public sector and encourage Kuwaitis to either join the private sector or start up their own businesses. These policy initiatives helped to promote entrepreneurship and work ethics (SCPD, 2009). For example, the Kuwaiti government established the 'Kuwait Small Projects Development Company' (KSPDC), a closed shareholding company in 1997, to manage a portfolio named the National Investment Fund, to assist the development of the economy through the creation of small businesses by developing technical skills (KSPDC, 2011). The government allocated USD 330 million to fund young entrepreneurs' small businesses and generally enhance the role of SMEs in the private sector. However, although the impact of this policy measure is still to be assessed, indications are that not many young Kuwaitis have actually left the public sector to start up their own businesses. Due to complicated procedures, most entrepreneurs prefer not to receive the fund. Company reports showed that from 1998 to 2012, only 26 from the allocated USD 330 million were given to 43 new businesses, less than the expected number. Hence, after many policy changes, business start-up rates in Kuwait remained low (Farzanegan, 2014). Therefore, it is of importance to be able to investigate the impact of such policy measures.

2.4.1.2. Welfare State and Its Implications on Entrepreneurship

After the discovery of oil in the 1940s, a significant change occurred in the state economy. The state's new fortune forced its political, social and economic systems to change. It became a welfare state and at the same time modernised. Oil wealth transformed Kuwait from a modest, trade-based state into a modern city-state. It also created a relatively egalitarian economy based on an extensive distributive system that provides Kuwaitis exclusively with essential services including free health care, education and social security. This feat has been achieved through a broad distributive welfare state (El-Katiri et al., 2011:1).

Humphreys et al. (2007) argue that when countries experience an increase in their income, there will be pressure from the population demanding rapid and visible improvements in their standard of living, further leading to an increased spending of their capital. Such pressure was also inevitable in Kuwait, resulting in spending its oil wealth revenues in the 1960s in ambitious plans to establish a welfare system (Crystal, 1995; Rudra, 2002).

An important fact about Kuwait's oil wealth is that it has been successfully used to benefit its citizens. Kuwait's first five-year plan, adopted in 1967, defined the state's long-term objectives: first, the diversification of Kuwait's economy towards a self-sustaining growth independent of oil revenues; secondly, ensuring an equitable distribution of income among Kuwaitis; and thirdly, the training of Kuwait's human resource base and the development of specialised skills.

The current five-year plan has the same set of original objectives although worded differently (SCPD, 2013). The government still insists on providing decent living standards for its citizens (Al-Muttar, 2009) and has enacted several laws to convert those objectives into reality. Those laws provide free essential services for the citizens such as: health care⁴, education⁵ and housing⁶. For every service that cannot be delivered free of charge, subsidies were to be provided with affordable prices and this included electricity, basic food (rice, milk, flour, baby food, etc.) and petrol. In addition, the state secured a public job for each citizen over 18 years old. As a result, young Kuwaitis became relaxed, enjoyed living comfortable and luxurious lives under the government's 'share of wealth' schemes and started to prefer public sector jobs and gave up the entrepreneurial spirit and actions.

It is worth mentioning that the political arena is dominated by the debate over much-needed economic restructuring and its implications for social welfare and distribution of national income. Some members of the government have been keen to implement reforms since the late 1990s, but their efforts have continually been blocked by the Prime Minister whose opposition reflects the interests of the Kuwaiti electorate, who are overwhelmingly employed in the

⁴ Article 15 'Health Care': The State cares for public health and for means of prevention and treatment of diseases and epidemics (Kuwait constitution, 1961).

⁵ Article 40 'Compulsory and Free Education': Education is a right for Kuwaitis, guaranteed by the State in accordance with law and within the limits of public policy and morals. Education in its preliminary stages is compulsory and free in accordance with the law. The law lays down the necessary plan to eliminate illiteracy. The State devotes particular care to the physical, moral and mental development of the youth (Kuwait constitution, 1961).

⁶ As per law no 33, year 1974 and amendment in law no 47, year 1993, each Kuwaiti citizen has the right to be provided with a house by the government the day his marriage certificate is issued (Public Authority of Housing in Kuwait, 2011).

public sector; the reforms would have entailed dismantling some of the welfare state (Deeds and Hill, 1996). Young Kuwaitis always demand that the government secure their lives, by offering secure jobs and providing good services. They believe that Kuwait is a very rich country and that the government should take care of their needs.

A welfare state has made Kuwaitis dependent on the government with regards to their future careers. They expect the government to create jobs that do not need higher educational qualifications such as the Kuwait Army or Kuwait Police, so that they can still be in gainful employment.

For many Kuwaitis, working in the public sector is by far the most preferred option. SCPD (2013) suggest the reasons for this are: (a) job security – the public sector provides job security; citizens have immunity from being dismissed from their jobs unless they engage in criminal actions or have reached retirement age; (b) less strenuous working hours: public sector employees work substantially less hours per day (5-6 hours as opposed to 8-9 in the private sector), per week (five days instead of six) and per year (up to four weeks' additional holidays); (c) little pressure to perform: another key determinant for the citizens' preference for public sector employment is the lack of performance-based salaries. Public sector employees are typically not accountable for their performance in the workplace and, in many cases, do not even report for work; (d) average salary levels are substantially higher in the public sector for low and mid-level positions. Therefore, up to 82% of working Kuwaitis are employed by the government, making the country

proportionately one of the largest public administrations in the world (SCPD, 2009). Furthermore, it has also brought about a culture of not working hard amongst Kuwaitis, a feat which goes against entrepreneurship. The welfare system apparently works against the self-initiative and meritocracy in the country. The next subsection will discuss informal institutions.

2.4.2. Informal Institutions

Amongst the key informal institutions in Kuwait are business and working-class families. These are discussed as institutions in the subsections to follow.

2.4.2.1. The Working Family

The working family class includes urban people and Bedouins who were the largest from the three classes in terms of numbers. They worked in pearl diving and travelled for trade; some were shipmasters who did not possess ships but instead rented them from the owners for sailing and trading purposes. Others were craftsmen, who included blacksmiths, bakers, shipbuilders, painters and masons and each craftsman was named after his craft, so these crafts became the names of their families.

The Bedouins belonged to many Arabic tribes and used to travel as nomads in the deserts and were considered the best guides during land travels (Abu-Hakima, 1982). They depended on herding animals such as camels, sheep

and goats. In turn, they benefited from their milk and wool to make various products and later sold them in the markets.

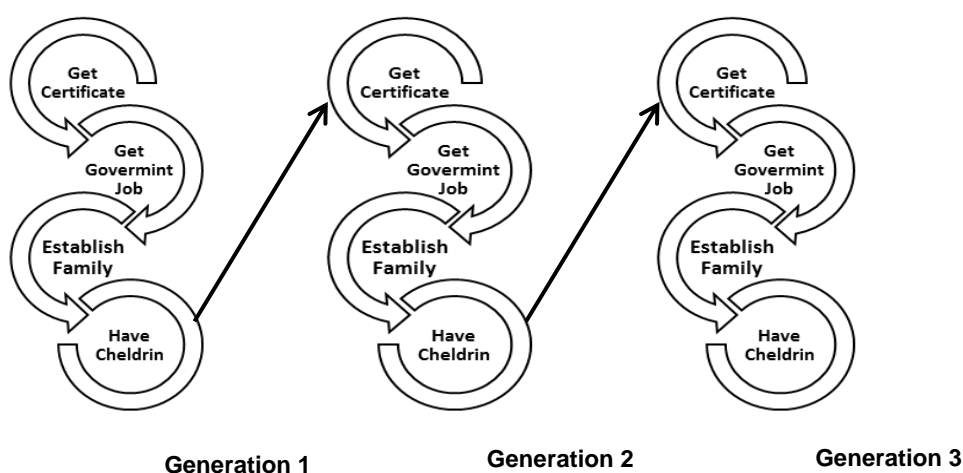
The practical life for a Kuwaiti from a working-class family began as early as the age of eight, where such a child would leave the house to seek a livelihood from diving for pearls or working for a manufacturer or as a shepherd of animals. It was important to learn a skill and earn a living and eventually start their own family (Al-Rasheed, 1978). A boy could learn more than one professional skill. For example, during the diving season, he could be a diver, both a sailor and fisherman. During the sailing and the fishing season, he could work in a shop and become a seller and later a merchant. Boys married at the age of 15 and girls at the even younger age of 13 (Al-Rasheed, 1978). The main role of a Kuwaiti woman was a housewife, who cared for the children and cooperated with other housewives to fulfil their families' needs, such as breastfeeding, assisting in cooking or baking and weaving clothes. Although it was socially unacceptable for a woman to work, this did not stop them from being enterprising. They earned a living by sewing clothes for locals, or selling some bread and beans to their neighbours (Al-Hajri and Al-Anzi, 2006).

As a result of this history, the ethnicity of Kuwait is largely from urban and Bedouin origins (Saudi Arabia and Iraq) and occasionally from Persian descendants (CIA, 2013) and the main religion of the country is Islam. Almost 98.87% of Kuwaiti citizens are Muslim who speak Arabic, with English as a second language.

2.4.2.1.1. Working Family's Role in Current Times

The life cycle of the Kuwaiti working family has largely been centred on acquiring an academic qualification, getting a government job, establishing a family and having and raising children as shown in Figure 1, as drawn by the researcher.

Figure 1: The Life Cycle of working class Kuwaiti Family



Supporting this mindset are the conditions and hardships which Kuwaitis experienced before the oil era and they try to avoid letting their children struggle as they did in the past. Parents encourage their children to get a proper education, and then seek jobs in the government ministries or public sector thereafter. Those children who obtain better educational grades are sent abroad for further and better education, with the government meeting all the costs.

Parents in Kuwait raise their children with the concept that they have to be successful in life so that they can go to university, get a qualification and obtain a 'decent' job. This is in sharp contrast to the traditional upbringing of raising children to depend on themselves and acquiring the skills and knowledge of a craft or trade (Edelman et al., 2008). It is socially acceptable to be an employed person in the government sector and it gives a young Kuwaiti a good chance of marriage as opposed to being unemployed (Elam and Terjesen, 2010).

Business families established the Chamber of Commerce and Industry of Kuwait (CCI). It is a non-profit organisation, founded by a decree law issued in 1959, which made it a distinct institution with an independent financial, moral and legal personality. The government considers the CCI opinion as binding in all commerce and industry issues. The board of Directors is elected by the CCI general assembly (CCI, 2012); normally big business families are the members of this board, hence, the control of CCI has been under the control of business families (Al-Hamdan, 2011). Its financing comes from its members' contributions and service fees, without any government financial support. Affiliation is mandatory for institutions and companies related to foreign trade and exports (CCI, 2012). This is to keep CCI independent from the state influence as it is self-financed, and also to contain any business related to foreign trade (Al-Hamdan, 2011).

CCI has participated in the development and formulation of many of the laws and regulations in the country, such as the Commercial Companies Law, Trade Act, Industry Law, the Private Sector Labour Law, Commercial

Agencies Law, Customs Law, Tenders Law, Social Insurance Law, Kuwait Stock Exchange Law, Foreign Capital Investment in Kuwait Law, and Law to Allow Non-Kuwaitis to Trade Stocks. It aims for the liberation of economic activity, launch of the private sector synergies and improvement of the performance of various economic sectors (CCI, 2012). This is an indirect tool to control all laws and legislation issued by the state to ensure that it is in line with those of business families' interests (Al-Wigayan, 2012).

CCI was the first to call for the establishment of a free trade zone, Kuwait Stock Exchange, Industrial Bank of Kuwait, The Public Authority for Industry and Exports Development Centre. It is still offering suggestions and studies to improve the performance of related services to the private sector activities, and was part of a study by a consulting office for the development of the General Administration of Customs with the aim of simplifying and streamlining customs procedures (CCI, 2012). CCI not only interferes in issuing laws and legislation, they also establish organisations to complete the mission of protecting the business families' interests in the Kuwaiti market. Most of these organisations are run by a business family member or they are members of those organisations' boards (Al-Wigayan, 2012).

CCI contributes through research to create a favourable climate for economic and social development such as privatisation and intellectual property rights, and to allow foreign capital investment in Kuwait. It also provides new businessmen with training, holding internal and external expeditions with the aim of promoting national products. It is currently studying the possibility of applying a system of e-commerce in the country to cope with current and

future developments in the Kuwaiti market (CCI, 2012). This intelligent work intends to keep business families alert to and updated with any development or changes in the Kuwaiti market, which allow them to act quickly and efficiently. CCI is all about how to manipulate business in Kuwait in a formal way (Al-Hamdan, 2011), and also in a way that suits their members.

Whilst the Kuwait Chamber of Commerce and Industry has acted on behalf of its members to develop and sustain their businesses, it has also acted as a deterrent to young Kuwaitis who might not necessarily be from these business families but want to start up their own businesses. The next subsection discusses the business families.

2.4.2.2. Business Families

Cunningham and Sarayrah (1993) pointed out that the business families set up separate sea diving laws, which were a set of different customs for different divers and managed disputes among them. These business families were knowledgeable people who knew how to handle such disputes and were primarily pearl merchants. However, most of these are today's Kuwaiti judges. Facilities involved in the import of various goods, low customs duty (or exemptions of customs duty on most imported items) helped many merchants to develop an interest in entrepreneurship. Such a free trade zone allowed a high level of commercial business operations with the neighbouring countries. The business families promoted and facilitated different

commercial activities such as establishing good economic relationships with countries such as India, Oman and East Africa.

However, the pearl business in Kuwait was brought to an end with the discovery of the synthetic pearl by the Japanese. Similarly, the other main backbone business of shipping was overtaken by steam ships that performed better than Kuwaiti vessels thereby rendering the main economic drivers of Kuwait redundant. After 1946 both the pearl business and seafaring were replaced by the oil industry.

2.4.2.3. Diwaniya as Instruments in Informal Institutions

Diwaniya, which is an informal gathering and a means of communication in the Kuwaiti social system, is largely for men and has been a common feature amongst Kuwaitis. Different merchants and businessmen from different parts of Kuwait used to gather in such *Diwanis*. This was a kind of agency which used to address all kinds of trade and commercial transactions that were possible to deliver support and assistance from the rulers. This agency played a significant role in supervising the trading transactions and enhanced the movement of export items from India (Al-Ajmi, 1975).

The three family classes (ruling, merchants and working class) realised that they needed to develop a means of communication to facilitate their interaction process between each other and they therefore created *Diwanis*. The term refers to a reception hall where the gathering was held. Visiting or hosting a *Diwaniya* is an indispensable feature of a Kuwaiti man's

social life (Haidari, 2006). Al-Ajmi (1975) referred the term originally to the section of a Bedouin tent where the menfolk and their visitors sat apart from the family. All Kuwaiti society classes (ruling family, business families and working families), value and appreciate the strong social bond or relationship between them, and consider a *Diwaniya* as one of the strongest structures that keep them informed and related to each other. A *Diwaniya* was an essential body that related and gathered all Kuwaitis in one place. Kuwaitis respect and value the role of *Diwaniya* and it has a special place in their hearts.

In the pre-oil era, they practised this social relationship and networking in the *Diwaniya* which usually commenced after the sunset prayers and extended to the night prayers (Haidari, 2006). A *Diwaniya* may take place at a mosque, house or even on the street. In the gathering, each attendee gets a chance to discuss his affairs with others, as well as sharing and discussing the general news regarding politics and businesses across the country.

Diwaniyas are very important for Kuwaitis since social, economic and political news is exchanged and people listen to each other's views regarding marriage, pearl diving journeys, trading trips and people's social conditions and business transactions (Al-Mogams, 1986). The *Diwaniya* usually tends to be a rich source of information and a vital source of social relations, in which experience, advice and news are exchanged with some amusement and fun (Haidari, 2006). For instance, the *Diwaniya* of the working class will revolve around discussing issues concerning business and contain some amusing activities in order to gain relief from a hard day's work. The *Diwaniya* at a

merchant's house will be centred on the socio-economic issues and the 'Amir's *Diwaniya*' will be centred on discussing the current socio-political situation in the country and further developments (Al-Hatim, 2004).

Diwaniyas were places where attendees obtained and exchanged information and experiences and not attending the *Diwaniyas* was a sign of isolation from a coherent society (Al-Mogams, 1986). It is reported that in the case where a person cannot attend a *Diwaniya*, it will be due to the following reasons: illness or inability to move, mad or incompetent or do not have the desire to contact others and seek isolation (Al-Mogams, 1986). The Kuwaiti community depended in the past on the person's reputation and personalities and easily identified the generous and greedy, educated and ignorant, rich and poor, through communication in *Diwaniyas*.

Basically, *Diwaniyas* are institutions that facilitate relationships and networks and these relationships can be used socially or to facilitate business relations (Al-Hatim, 2004). Several types of *Diwaniyas* evolved from the original archetype and they differ only in terms of the groups they serve and the level of formality. Although most of these *Diwaniyas* are informal, formal *Diwaniyas* may be convened to discuss particular topics, sometimes with invited guest speakers. They are also called for specific purposes, such as election campaigns.

2.4.2.4. *Wassita as an Informal Institutions*

Wassita (patronage) is a common phenomenon in the Middle East and is synonymous with cronyism, nepotism or favouritism in the West (Weir and Hutchings, 2005). *Wassita* in the Middle East refers to both the act and the person who mediates or intercedes and it seeks to achieve that which is assumed otherwise unattainable by the supplicant (Cunningham and Sarayrah, 1993). *Wassita* as a mediation to resolve conflicts is valued whereas *Wassita* as an intercession to obtain a benefit or to speed up one's paperwork gets a mixed reception (Cunningham and Sarayrah, 1993).

Wassita is a powerful technique used by Kuwaitis for social reforms and developing business connections, for instance, entrepreneurs require capital, skills and labour to start business activities. While they hold some of these resources themselves, they often complement their resources by accessing their social networks (Aldrich et al., 1986; Dubini and Aldrich, 1991; Cooper et al., 2002; Hansen, 1995). The useful contacts in the social networks lead to successful outcomes, which act as the key component for entrepreneurial networks.

Wassita can be used in different situations, from securing a job in an organisation, avoiding complicated procedures in retrieving business licences, or doing something not within the country's regulations. The key issue is that people should not only possess good relationships or social networks, they should also be able to reach the *Wassita* via this social network whenever they need it (Al-Faisal and Abdullah, 1993).

Young Kuwaitis are predominantly dependent on *Wassita* and they believe that through the use of executives, senior people and political parties this may facilitate the development of entrepreneurship. They describe it as a kind of vehicle that has the ability to facilitate anything within Kuwait. To secure *Wassita* the person should possess a good social network. Young Kuwaitis are in need of *Wassita* in order to achieve objectives which otherwise they could not achieve through normal means due to lack of experience. They may explore or search for a *Wassita* through *Diwaniyas* who can facilitate their business opportunities. However, it may take them more time to search within different *Diwaniyas* until they find the right *Wassita* (Jamal, 2009).

However, many Kuwaitis feel that the role of the *Wassita* has deviated from its original role. Instead of providing rights or solving disputes, gradually they have been misused to fulfil people's needs, demands and wants, regardless of whether they are eligible for them or not. It has also become a tool of corruption that has been used by people who are able to gain access to senior people. Nevertheless, *Wassita* is a mechanism that may be utilised in starting up and running businesses by young Kuwaitis.

2.5. Importance of the Kuwaiti Context to Wider Understanding of Entrepreneurship

After having discussed the research context and having reflected on the purpose of undertaking this research in it, it has become apparent that the Kuwaiti context can be used for understanding of entrepreneurship more

widely. Thus, this section aims to explain those aspects of the research context that can be used for understanding of entrepreneurship widely and can be compared with a variety of contexts, especially to those parts of the world that exhibit similarities to Kuwait as a country, particularly the MENA region.

In this research, the following seven context-specific factors were discovered that lead to wider learning of entrepreneurship based on Kuwaiti institutions impacting entrepreneurship. This can be used in understanding many Kuwait-like situations in the world. This is explained in the following sections.

- (i) Kuwaiti institutions are complex social arrangements that are made up of representational social activities despite having physical setups. In Kuwait, a number of dominant formal and informal institutions exist and together they maintain a balance in the entrepreneurial activity, albeit, that it is lower than hoped by the government. The relationship amongst these institutions is rather complex and there are many indirect and invisible links between them that lead to negative causation. For example, government funding can be accessed more easily if a young person can obtain the backing and sanction from *Diwaniya*, and also obtaining the licence becomes easier. Despite the fact that *Diwaniya* is an informal institution, its leaders are well connected and can influence formal arrangements. Therefore, this has implications for young intending entrepreneurs and such a situation needs to be fully understood by young intending entrepreneurs. This is relevant to wider understanding as such relations are usually complex

and affect almost all parts of the world, especially in places where the development has been dramatic, such as the Middle East and Far East. The complexity of the arrangements emanates from historical factors associated with how different clans settled in Kuwait since its foundation: the cultural factors made up of Omani and some Persian influence; the religious factors, the Islamic following but with slight difference in inclinations; the class differences based upon the membership of business, royal or working family categories. All these factors are very similar to several other nations, namely, UAE, Bahrain, Qatar and Oman, thus any learning from Kuwait will reflect well across these nations too due to similarities in their social structure.

- (ii) Kuwaiti institutions influence through their governance of social arrangements concerned with entrepreneurship involving regulation (rules), norms (customs) and cultural-cognitive (cultural values and beliefs) dimensions (as already mentioned in chapter 1). These aspects play a very important role in regulating how entrepreneurial activity plays out in the country. Institutions regulate through use of rules and entrepreneurs, thus new and young entrepreneurs, have to follow these to enter into business ventures. Often these are complex and much conformity is required, such as having suitably fitted premises which are an extra expense and compliance is pertinent. There are institutional-based norms and customs, such as having the backing of *Diwaniya* which is an affiliation made up of a group of

business families and political elite. It is a custom to visit such associations and present your case. Then there is a complex set of cultural beliefs and values, including historical cultural links, social networks and Islamic values. So Kuwaiti institutions are social arrangements that have achieved a high level of importance to citizens. This makes the Kuwaiti context generalisable across the MENA, where similar social arrangements exist like in Abu Dhabi. Although in other parts of the world other social networks and affiliations exist that provide such support (Arregle et al., 2015).

Therefore, Kuwaiti institutions provide constancy of social existence through regulative (rules), normative (norms and customs) and cultural-cognitive (cultural values and beliefs) dimensions that serve as pillars that are embedded in and communicated through carriers. These carriers are interconnected and include certain types of systems (such as symbolic and relational), beliefs and practices. This is how institutions are transported by various carriers, such as cultures, structures and routines and they operate at multiple levels of jurisdiction. In Kuwait, institutions regulate through use of laws, regulations, rules and government policies in a particular national environment, which promotes certain types of behaviour and restricts others. The regulative processes consist of rule-setting, monitoring and sanctioning activities. Here regulative processes involve the capacity to establish rules, inspect or review others' conformity to them.

- (iii) Following on from the previous point the Kuwaiti institutions influence all aspects of society and their interactions have become embedded to the extent that they are affecting the meaning and social symbolism. Thus, this is apparent throughout this research, which ought to enhance a wider understanding of entrepreneurship beyond Kuwait.
1. Meaning systems and related behaviour patterns, which are culture-specific such as the meaning of and importance of marriage. Here young people are encouraged to marry as soon as they reach end of their teens. Hence, any entrepreneurial activity is seen as a possible hurdle. This helps to understand the social role models and expectations placed upon young people in other MENA countries, where young people's paths in life are 'determined' or even 'framed' to meet an ideal expectation of informal and even formal institutions. This is often perplexed by religious edicts of conformity and social order.
 2. Symbolic – representational, constitutive and normative elements, for example in Kuwait having a secure job is a symbol of stability and signals success, albeit that certain jobs are reserved for indigenous members of the population. Becoming a successful small entrepreneur may not be as important given that a lot of entrepreneurship is associated with expats from poorer countries, such as Egypt. This is highly applicable to other MENA countries where a significant proportion of the population is made up of expats, mostly from countries like Egypt, Indonesia, Pakistan, India and Jordan, as well as from Europe and America.

- (iv) In Kuwait, the regulations are strict and complex, which can make it difficult for young entrepreneurs to enter into entrepreneurship. Understanding the mechanisms for fulfilling the regulatory requirements is also means for enhancing one's ability to conform to regulations in different contexts. Thus, a notion of legitimacy is important in the Kuwaiti context, even in the area of entrepreneurship, as there is a certain degree of reliance on multiple institutions. This seems unique to Kuwait, however, it is also the case in various other Middle Eastern countries. For example, the notion of *Diwaniya* is also applicable in Qatar and it's called Diwan, Majlis in UAE and in Saudi Arabia Istaraha.
- (v) Kuwait exhibits the existence of social norms, values, beliefs and assumptions about human nature and human behaviour that are socially shared and carried by individuals, in the form of culture. The notion of national culture and norms is very strong in Kuwait and it has a bearing over the motivation and inspiration of youth in engaging in entrepreneurial activity. In fact, this is in line with writings of authors like Stephan and Uhlaner (2010), and Pinillos and Reyes (2011). There are many social norms, values and beliefs discovered during this research and these are discussed throughout the thesis. These can be crucial in understanding intentions and actions related to entrepreneurship. These can then be used to enhance one's understanding of entrepreneurship more widely. A lot of these norms

and values are shared between Kuwait and several other nations in the Middle East, such as Qatar.

- (vi) In Kuwait, there are many cognitive aspects such as taken-for-granted assumptions, common beliefs and culturally supported beliefs that concern social knowledge shared by Kuwaitis of all ages, including the youth, for example, starting a family at an early age and fulfilling the wishes of parents and grandparents, in case the latter die in due course. Hence, not to waste time on ventures. These elements are important and are also inherent in the practices of Kuwaiti institutions as they affect the rules which make up the nature of reality for them. Thus, they serve as the frames through which meaning is made and these aspects can be used to understand entrepreneurship more widely. They are important in understanding the cognitive programmes, like schemata, frames and inferential sets, which people use when selecting and interpreting information. Therefore, these could be used to achieve a greater understanding of entrepreneurship in other similar contexts.

- (vii) In Kuwait, there are formal and informal institutions that have an influence on entrepreneurship and they impose formal and informal constraints on individuals. The formal constraints are concerned with constitution, laws, economic rules, property rights and contracts, whereas informal constraints are concerned with values, norms,

sanctions, taboos, customs, traditions and codes of conduct. An understanding of these and how they are played out is of great help in understanding entrepreneurship in the wider context. The connection between formal and informal arrangements can determine the pursuance of business intentions and action of young people in Kuwait. These aspects can be used to understand entrepreneurship more widely across such other contexts as young people can easily be put off by complications, due to their lack of experience in the matters of business.

Therefore, Kuwait as a research context can be used as a means to understanding entrepreneurship activity widely in other contexts, especially in nations that exhibit its traits, in particular the seven elements mentioned above

2.6. Conclusion

Looking at the research context is crucial in understanding a complex phenomenon like entrepreneurship and then using it as learning for enhancing understanding of wider situations. The chapter presented the research context of this research looking at Kuwait and how it became a class society consisting of the ruling class, the merchants and the working class. Its aim was to highlight the research settings within which this research is to be conducted, with the aim of looking at an entrepreneurial person's subjective intentions and assumptions that could become objectified into actual assumptions over time. It helps to understand the Kuwaiti context and

then use this to understand entrepreneurship more widely. The context shows how a stratified society is hampering young people, particularly from working-class families, to become entrepreneurs in their own right. The chapter presented how Kuwait's institutions have facilitated, and in some cases hindered, entrepreneurship.

Kuwait is similar in many respects to other MENA countries where youth unemployment has increased, resulting in political issues. Therefore, the governments of these countries have had to seriously consider diversifying their economies so that they are not dependent on oil revenues that are dwindling due to supply/demand imbalances and instead consider entrepreneurship for the young people. Therefore, a study in Kuwait may contribute to our understanding of entrepreneurship more widely, especially in MENA countries, which share the seven elements discussed in this chapter, by appreciating the influence of formal and informal institutions on entrepreneurship. It is apparent that institutions are an important part of Kuwait's business and entrepreneurial activity, thus the next chapter will provide literature that focuses on the role of institutions in this regard. The context is important in understanding how formal and informal institutions influence the entrepreneurship of Kuwaiti youth.

CHAPTER THREE: LITERATURE REVIEW

3.1. Introduction and Definitions

The aim of this research is to explore how institutions affect entrepreneurial intentions and actions among Kuwaiti youth. Therefore, this chapter reviews literature that explains the impact of institutions on entrepreneurial intentions and actions in the focus of this research by looking at: (1) institutions and how they are central to the research question, (2) entrepreneurial intentions and actions, (3) young people's perspectives of entrepreneurship, and (4) the level of entrepreneurship in the context of high wealth economies, like Kuwait.

Salimath and Cullen (2010) state that it is considered that entrepreneurship leads to an upward spiral of economic prosperity. This is one reason why countries aim to develop and increase the entrepreneurial potential and activity by creating and providing a supportive institutional infrastructure. This is done to promote new venture creation, through supporting infrastructure, tax incentives and grants. The implicit assumption is that an institutional environment that encourages productive entrepreneurship becomes the ultimate determinant of economic growth (Baumol, 1993). Entrepreneurship is important to society, however, it is a broad term, which encompasses not only the economics of an individual, but also sociological and psychological aspects. Entrepreneurship is widely recognised as an important aspect in national economic growth in a country. Many writers in the past have also

written this (Van Stel et al., 2005; Wong et al., 2005) so it has been a subject of much attention but its definition is not crystallised. Some widely used definitions of entrepreneurship include the discovery, evaluation and exploitation of opportunities (Venkataraman, 1997) and as the process by which individuals pursue opportunities without regard to resources currently under control (Stevenson and Jarillo, 1990). It is only more recently that another variation of entrepreneurship has emerged – that of individuals who seek entrepreneurship due to a paucity of other options to earn a living (Sahasranamam and Sud, 2016). The word ‘entrepreneur’ established its roots in the 13th century from the French word ‘entreprendre’, which can be translated as ‘to do’ or ‘to undertake something’. It was not until the 17th century, however, that it evolved into the contemporary business meaning for the first time.

Many persons who have worked tirelessly within their organisations, first to convince their management of the economic promise of an invention, and then have struggled, typically for years, to transform that invention into a viable product, are entrepreneurs of the other (Schumpeter) variety (Baumol and Blackman, 1995). Scholars have begun to reflect on the similarities and differences in entrepreneurship research across regional borders and the possibility of mutual learning (Landström et al., 1997; Landström, 2005; Brush et al., 2008).

Although the literature confirmed that the region of the Gulf Cooperation Council (GCC) is not providing sufficient attention to entrepreneurial programmes (Zeidan and Bahrami, 2011) and Kuwait particularly (Alhabidi,

2013), taking into consideration that Kuwait has attempted to diversify its economy from oil dependency into a freer economic structure.

Only two studies have been conducted since 2010 focusing on entrepreneurship in young native Kuwaitis. Firstly, Al-Wugayan and Alshimmiri (2010) investigated how native Kuwaiti students considered business incubation as an encouragement vehicle to promote small business creations in the period where students finish their university education. Secondly, Naser et al. (2012) investigated personal and external factors that might influence women's (female students') decisions to become entrepreneurs in Kuwait. Both studies focused on the first stage in their research, the latent entrepreneurship stage. In addition, Al-Wugayan and Alshimmiri (2010) did not explore further factors behind the willingness of the young Kuwaiti native students. Furthermore, Naser et al. (2012) excluded young male native Kuwaitis from their investigation sample. The subsections that follow will focus more closely on literature surrounding the research question.

3.2. Institutions

This section focuses on the role of formal and informal institutions in formulating and shaping the intention of entrepreneurship, especially of young people. For some there is a strong relationship and for others there is not. For example, Grilo and Irigoyen (2005), and Fatoki and Chindoga (2011) argue that there is a relationship between formal institutions such as: law, legislation and government policies, on young people's intentions and

decisions to be involved in entrepreneurial activities. For them, formal institutions could influence entrepreneurial intention. The same impact was argued with regards to the entry and start-up rate and for running and operating a business (Gartner and Carter, 2003). On the other hand, it was argued that informal institutions can frame and shape young people's intentions and decisions to be involved in entrepreneurial activity (Fatoki and Chindoga, 2011; Thornton et al., 2011). Informal institutions can also impede or support young people's actions in starting up their small business (Reynolds and Curtin, 2009; Hopp and Stephan, 2012). Also, market manipulation, indirectly, can affect business survival and continuity (Stephan and Uhlaner, 2010).

However, one needs to highlight definitions and the role of institutions in order to appraise their impact. Thus, to begin with, the Institutional theory suggests that institutions provide the 'rules of the game' (North, 1990), which further structure interactions in societies. Also, as institutions change they also influence a change in society and other institutions as a process of adaptation and efficiency. The respective theory also posits that organisational actions are bound by these rules. Thus, institutions are of utmost significance, as Aoki, (2010) points out: "which definition of an institution to adopt is not an issue of right or wrong, it depends on the purpose of the analysis". Institutions have multiple definitions and, therefore, one of the challenges in analysing institutions is these definitions.

A level of disagreement exists amongst scholars as to what exactly an institution is. An 'institution' may be anything from an organisational entity,

such as a business firm, a political party, with the rules, norms and beliefs adopted by individuals within organisations. A few examples will make this point clearer. Hodgson (1988: 4) defines institutions as: “the kinds of structures that matter most in the social realm: they make up the stuff of social life”. North (1990:3) defines them as: “the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction”. He introduced the term ‘adaptive efficiency’ whereby institutions change and influence society along with them. Others, such as Scott (2008:49), define institutions as being “comprised of regulative, normative and cultural cognitive elements that, together with associated activities and resources, provide stability and meaning to social life”.

Institutions are invisible; one of the most difficult problems to overcome in the study of institutions is how to recognise and measure them (Ostrom, 2007). This is due to institutions being shared concepts that exist in the minds of the participants rather than a written form or physical location. Unlike physical structures, which are visible to researchers, rules are invisible structures that can be deeply buried under the regularities of observed behaviour, causing researchers to face problems when learning how to recognise the presence of institutions (Ostrom, 2007). Economic institutionalism is known as ‘institutional economics’, which is based on incorporating the theory of insinuations into economics. Until recently, this was the only meaning given to institutional economics. However, in recent years, the term ‘New Institutional Economics’ (NIE) has become well-established, referring to the tradition of the transactions cost approach (Rutherford, 1996). Hence, when

examining institutional economics, it is common to distinguish the old from the new.

Old institutionalism was understood and defined in reference to Veblen's (1919: 239) earlier definition of an institution as "settled habits of thought common to the generality of men". Based on this definition, Hamilton (1932) saw an institution as thoughts or actions embedded in the habits of a group or the customs of [a] people.

The old institutionalism considers the concept of habit as central. For them, habit is regarded as crucial to the formation and sustenance of institutions. Habits form part of our cognitive abilities. Cognitive frameworks are learned and emulated within institutional structures. The individual relies on the acquisition of such cognitive habits, before reason, communication, choice or action are possible (Hodgson, 1998:180). Learned skills become partially embedded in habits. When habits become a common part of a group or social culture they grow into routines or customs (Commons, 1934:45, cited in Nelson and Nelson, 2002). Institutions are formed as durable and integrated complexes of customs and routines.

Habits and routines thus preserve knowledge, particularly tacit knowledge in relation to skills, and institutions act, over time. Institutions are regarded as imposing form and social coherence upon human activity partly through the continuing production and reproduction of habits of thought and action. This involves the creation and promulgation of conceptual schemata and learned signs and meanings. Institutions are seen as a crucial part of the cognitive processes through which, sense data is perceived and constructed as

meaningful by agents. The availability of common cognitive tools, as well as congenital or learned dispositions for individuals to conform with other members of the same group, work together to mould individuals' goals and preferences (Hodgson, 1998:180). Hodgson (1998:189) concluded that institutions do not merely constrain and influence individuals but rather, jointly, through our natural environment and our biotic inheritance, as social beings, institutions constitute us. They are provided by history and constitute our socio-economic flesh and blood. This proposition must cohabit with the more widely accepted – and equally valid – notion that institutions, knowingly or unknowingly, are formed and changed by individuals.

The New Institutional Economics abandon the standard neoclassical assumptions that individuals have perfect information, unbounded rationality, and that transactions are costless and instantaneous (Coase, 1992). These studies look at how institutions interact with organisational arrangements, emerge, operate and shape the different arrangements that support production and exchange, and how arrangements act in turn to change the rules of the game. North (1990) defines 'institutions' as "humanly devised constraints that shape and guide human interactions. They reduce uncertainty in everyday life by providing a structure to human interaction and behaviour" (North, 1990:3). According to North (1990), the main function of institutions in a society is to reduce uncertainty by giving a stable structure to human interaction. The uncertainty comes from incomplete information about the behaviour of other individuals in the process of human interaction.

The NIE instead assume that individuals have incomplete information and limited mental capacity, thereby, they face uncertainty about unforeseen events and outcomes and consequently incur transaction costs to acquire information (Menard and Shirley, 2008). Another important feature of NIE is the effectiveness of adjusting institutional constraints in response to economic, political, social and technological change. This has been termed the 'adaptive efficiency' of institutional systems (North, 1990). Baumol (1993) follows a similar logic but provides greater analysis of the types of entrepreneurship that can emerge under different institutional environments. Institutions are important as the structures that provide the incentives for different types of economic activity.

North (1990) stresses that in the New Institutional Economics, institutions consist of both formal and informal constraints. Formal constraints are the rules devised by human beings to facilitate exchange, including political and judicial rules, economic rules and contracts. Meanwhile, informal constraints are the norms, conventions and code of ethics for societies to evolve over time. North (1990) states that these constraints are more pervasive than formal rules, and socially transmit information as a part of the culture. They do not impact immediately in reaction to changes in the formal rules, creating tension between changed formal rules and persisting informal rules with implications for the economic outcomes (North, 1990).

In the field of entrepreneurship, the concern should be about how the institutional context affects, promotes or inhibits the emergence of entrepreneurs, the rate of new firms creation, and new firm growth and

development. The work of Baumol (1993; 2005) provides the most significant theoretical insights about entrepreneurial development in different institutional environments. According to North, entrepreneurs are the main agents of change and support the notion of adaptive efficiency. Organisations such as firms set up by entrepreneurs will adapt their activities and strategies to fit the limitations provided through the formal and informal institutional framework.

Hence, entrepreneurship cannot exist without rules: what matters to entrepreneurship is not only the discovery and exploitation of a profit opportunity, but also that this process takes place in the context of rules that structure the way the economic game is played (Welter and Smallbone, 2011). The formal and informal institutional environment, in which entrepreneurs operate, will influence how entrepreneurs use resources at their disposal. Entrepreneurship is not dependent on the resources in an economy, rather, the key is the quality of institutions that permit the exploitation of resources and opportunities. Individuals and the rules they follow are the ultimate resources to which economists and policymakers must pay attention. In the final analysis it is neither the distance to markets and commercial centres, nor the amount of natural resources that a country possesses, which make a country economically vibrant. It is the extent to which formal and informal institutions direct entrepreneurship towards socially productive activities (Carree et al., 2002; 2007).

Hence, different institutional frameworks offer different incentives for entrepreneurs. This also means that the knowledge generated by entrepreneurial activity will vary depending on the institutional background of

society (Wennekers et al., 2005). Ultimately, the issue of institutions and entrepreneurship is an issue of the generation of knowledge that is necessary for productivity increases to take place and for individual plans to become better coordinated.

Puffer et al. (2010) note that transition economies often suffer from underdeveloped formal institutions that lead to an unstable environment and creating a void that is then filled by informal institutions. Thus, there is more uncertainty for entrepreneurs in such a context as they face more risk than those in more developed economies. They analysed how the void of formal institutions in transition economies affects the relationship between entrepreneurship and institutions, and how this is different from developed economies. They consider the environmental context and the void of formal institutions, such as the security of private property rights, and how traditions and informal institutions fill such a void. They explain the need for entrepreneurs to rely on culturally-based informal institutions to conduct their operations. They refer to North (1990, p.3) who writes that institutions are “the humanly devised constraints that structure human interaction” and include formal rules and laws as well as informal influences like cultural norms. Scott (1995; 2008) classified North’s formal and informal aspects of institutions into three pillars: regulative, normative and cultural-cognitive. Both their works were built upon earlier studies by DiMaggio and Powell (1983; 1991), which developed institutional theory in the context of organisations and industries.

3.2.1. Formal Institutions

Many formal institutional features that influence the entrepreneurial process include: laws, regulations and policies that are directly controlled by state government (Scott, 1995; Kostova, 1997; Ahmad and Hoffmann, 2008). For example, Fogel et al. (2006) describe four types of governments according to their contribution to the entrepreneurial process: corrupted government, insufficient government, extreme government and good government. Formal institutions are powerful, for example a corrupt government can present bad policies, i.e. subsidies, to insufficiently governed firms run by their allies that can phase out private investments (Fogel et al., 2006). Alternatively, a corrupt bureaucrat can grant an operating licence to a relative, friend or even himself. The licence holder can then buy the entrepreneur out at a beneficial price, force a joint venture upon them, or bankrupt the entrepreneur and then set up a copycat operation. In these ways, bureaucrats or parties with political influences can grab the predominant share the entrepreneur would otherwise have earned (Aidis and Van Praag, 2007).

Therefore, Desai et al. (2003) reported that more individuals are involved in the entrepreneurial process in less corrupt countries. On the other hand, in some transitional economies, if a corrupted government controls bank loans, business formation, investment size and finance, a corrupt bureaucrat can demand a bribe of anything up to the value of the business for granting the licence (Cuervo-Cazurra, 2006). Relationships with local government officials help to mobilise resources, win orders and cope with the constraints imposed by bureaucratic structures, ultimately improving the performance of start-ups

and running businesses. In this context, bribery can be regarded as an investment that the entrepreneurs need to make in order to operate successfully in an institutionally weak transitional economy (Peng and Heath, 1996; Svensson, 2003). However, bribes could affect business returns negatively because high levels of bribery increasingly absorb the returns on entrepreneurial activities. Furthermore, they distort entrepreneurial spirit, intentions, actions and behaviour (De Jong et al., 2012). An extreme governmentality can be just as bad, in the form of awkward regulations, and difficult rules can increase the costs of running a new business to the point where efforts made in managing this business by an entrepreneur seem pointless or unstable, and continuous revision to macroeconomic policies can create uncertainties that make long-term investments unnecessarily risky (Fogel et al., 2006). For example, Djankov et al. (2010) report the number of regulatory step procedures that are required in establishing a small business and the time needed to accomplish these steps in 85 countries. They then argue that it is not necessarily that difficult entry regulations give more quality regulations; in fact they are associated with a more corrupted government. Governments with more closely held political power, fewer political rights and fewer constraints on their executives have more difficult entry regulations (Levie and Autio, 2011).

Another example is the business venture that is about to become eminently successful, thanks to the founding entrepreneur's insight, skills and years of hard work, which can lose its value overnight if the government suddenly

requires a hitherto unnecessary operating licence (Fogel et al., 2006). Governments that impose more difficult entry regulations, or complicated business licensing procedures, are less supportive in their involvement in start-ups and entrepreneurial activity (World Bank, 2014).

Insufficient governments that have gaps or a lack of suitable entrepreneurship regulations, policies and laws, hinder individuals from becoming involved in the entrepreneurial process (Smallbone and Welter, 2012). Furthermore, these governments fail to protect the rights of the less well-off and this has a very negative implication for entrepreneurship, as those making such a move will become demotivated knowing that their business can be seized by someone with power, manipulating regulations to their benefit (Fogel et al., 2006). This limits entrepreneurs in pursuing their business, and it even discourages interests and intentions of people to become entrepreneurs (Stenholm and Wuebker, 2013).

Good governments raise transactional trust (Fogel et al., 2006) and so facilitate the entrepreneurial process through regulative activities (Busenitz et al., 2000). For example, the UK government took actions to increase start-up rates and aid their survival by identifying new entry barriers and developing new strategies to minimise their impact. Furthermore, it is currently providing funds for business incubators that provide space and facilities for new start-ups. A government could further support society by promoting an enterprise culture so that parents understand the importance of the entrepreneurial process to the economy (Robertson et al., 2003). Good governments often motivate entrepreneurs to start up a small business to earn a living, by

ensuring entrepreneurs have ownership of their businesses, legal administration for their business contracts, basic communication and transportation infrastructure, and a skilled workforce from which to hire (Gohmann, 2012).

On the other hand, the existent literature focuses on the association between the entrepreneurial process and welfare state. According to a number of studies (Lindbeck, 1997; Acs and Audretsch, 2001; Wang et al., 2015), there is no strong relationship between the entrepreneurial process and new welfare state. However, the studies suggest that government has a key role in creating an environment to foster entrepreneurs. Thus, there seems to be some room for a welfare state to reform itself in ways that promote the entrepreneurial process (Hjerm, 2004). Still, other studies (Henrekson, 2005; Mafi-Kreft and Sobel, 2006) argue that the welfare state by definition has a high aggregate tax burden, and this necessarily implies high tax rates on labour and on locally produced services. As a result, it will be difficult to promote the entrepreneurial process as much as in low-tax countries.

In line with Lindbeck (1988), the term 'welfare state' is reserved for the array of publicly financed provisions or subsidisations of personal services, notably for health, education, childcare and care for the elderly, and for social security systems, transfers and subsidies. The welfare state may of course be defined more broadly by including a number of non-budget or regulatory measures such as price and rent controls, and regulations of labour and capital markets, where these measures are intended to benefit particular groups or activities that are considered to be in need of extra support or

protection. The welfare state cares for its citizens from 'cradle to grave' through a large number of schemes such as: parental leave, child care, medical and dental care, sickness cash benefits, disability pensions, unemployment benefits and public pensions (Henrekson, 2005). Therefore, the welfare state provisions remove a number of savings motives for the individual (Hubbard et al., 1995). There are numerous research results suggesting that such disincentives to savings and individual wealth accumulation are likely to lower the likelihood of individuals becoming involved in the entrepreneurial process (Hjerm, 2004; Mafi-Kreft and Sobel, 2006). Also, there is substantial scientific evidence supporting the idea that the individual wealth position has important effects on the probability of becoming an entrepreneur and for the ability to expand (Henrekson, 2005).

On the same note, more often than not, oil-rich countries are welfare states, as their governments use a redistributive instrument for 'wealth' in order to pacify the potential political unrest and to stay within political power. These governments maximise welfare benefits by employing as many public sector workers as possible (Alesina et al., 1998; Robinson et al., 2006; Bjorvatn and Farzanegan, 2013). For example, in Sweden, which is based on a welfare state, the ratio of employees in the public sector to self-employees was 0.38 in 1960 and doubled in 2002 to 1.63. This means that the number of employees in the public sector is rising over a period of time, compared to the number of self-employees (Henrekson, 2005). Public employees are collectively portrayed as being motivated by job security and stability (Perry and Porter, 1982). Relative to private employees, they are less concerned with challenges and autonomy and less keen on extrinsic rewards such as

pay rises, performance awards and health benefits (Kurland and Egan, 1999). They place more value on the sense of impact, such as helping others and providing a service to society, compared to private sector employees. Public employees rate free time more highly and do not exhibit a willingness to do extra work (Steinhouse and Perry, 1996).

Hence, Torvik (2002) explained with their theoretical model how the entrepreneurial process is marginalised because of the wealth boom and an increase in welfare seeking. They show that higher welfare benefits are a significant factor behind the shifting of entrepreneurs from a productive part of the economy to public sector unproductive fields (Auty, 2001; Karl, 1997). In addition, Bjorvatn and Farzanegan (2013) argue that while the unproductive public sector expands, the productive private sector, represented by rate of start-ups, tends to decline.

Furthermore, overall observation shows that economies with higher degrees of dependence on natural resource wealth are suffering from lower economic growth than those that do not have such resource dependence (Sachs and Warner, 2001). The disappointing economic performance is more visible in the case of being dependent on specific resources such as oil (Isham et al., 2005). In addition, welfare states can be negative for long-running economic prosperity when it is accompanied by corruption, bad policies and deterioration of formal and informal institutions (Robinson et al., 2006; Bjorvatn and Farzanegan, 2013). It is worth mentioning that the group of resource-rich countries includes examples of both success and failure

(Norway vs. Nigeria), although the examples of failure do outweigh the success stories (Farzanegan, 2014).

3.2.2. Informal Institutions

Coyne (2008:23) offers a definition of an informal institution as one “that is not formally mandated but coexists with formal institutions such as constitutions and written laws”. Both policymakers and entrepreneurs can be affected positively and negatively by informal institutions. Informal institutions could include religious beliefs, culture and corruption. The three areas mentioned all impose rules that may hamper individual choices and entrepreneurial processes. Pejovich (2003) suggests an example of the transition from socialism to capitalism in Central and Eastern Europe, which could be seen as directly resulting from informal rules, such as culture, rather than from formal rules.

According to Gohman (2012) if individuals’ values and beliefs are influenced by their culture, then it is likely to affect their decision to become self-employed. For example, Freytag and Thurik (2007) find that individuals in post-communist countries are less likely to prefer to be self-employed. Wennekers et al. (2005) examine cultural attitudes towards uncertainty and find that business ownership increases with uncertainty avoidance. Uhlaner and Thurik (2007:163) find a negative relationship between the entrepreneurial process and post-materialism, defined as, “the transformation in many countries from a culture dominated by materialistic-oriented

individuals to a society in which an increasing proportion of the population favours non-materialistic life-goals over materialistic ones”.

Through deliberate and impulsive actions of individuals’ results in the development of informal institutions, though, there can also be an upshot of formal institutions. It follows then that informal institutions develop as a result of culture-specific, collective and individual interpretations of formal rules, which are capable of filling legal gaps that become apparent when laws and regulations are applied to daily life. For example, a particular legal framework usually contains clear-cut regulations for executing laws, but over time these regulations are matched with unwritten policies that provide an inherent understanding of their substance (Smallbone and Welter, 2012). In informal institutions uncoded attitudes and implicit rules are embraced (Kalantaridis and Fletcher, 2012) and are rooted in society, and act as regulators on individual behaviour and entrepreneurial development.

According to Oliver (1991), however, the nature and extent of entrepreneurial process development is a function of the varied institutional settings and enforcement mechanisms that are in place. Where in formal institutions the enforcement mechanisms are coercive – which are outlined primarily in government rules and regulations – the informal institutions are enforced by normative and mimetic mechanisms (Smallbone and Welter, 2012).

Whatever the context, however, informal institutions are constituted both of constraining and enabling forces with regards to the entrepreneurial process. In the early stages of the entrepreneurial process, its role is mostly confined to a constraining one. This is due to the situation being typified by high levels

of uncertainty, in addition to rapidly varying external factors and major institutional deficiencies. Smallbone and Welter (2012) believe that institutional deficiencies restrict entrepreneurial development. Baumol (1993) sustains this point of view when he defined this situation as unproductive and destructive to entrepreneurship. In the start-ups, however, normative mechanisms and the informal institutions aid in fashioning legitimacy. This is of specific importance to nascent and actual entrepreneurs as the novelty of the perception of the entrepreneurial process may influence its reception in society.

Literatures on entrepreneurship have been extensively criticised for fashioning the entrepreneur as a characterised 'mythical hero' (Anderson, 2000; Ahl, 2008) when, in reality, entrepreneurship is a social 'informal' phenomena (Dodd and Anderson, 2007) rooted in the family (Davis and Shaver, 2012; Saridakis et al., 2014; Jayawarna et al., 2011; Jennings and McDougald, 2007; Aldrich and Cliff 2003). Although the notion of the entrepreneurial process is well accepted at the individual and firm levels (Baron, 2004; Delmar and Shane, 2004), it has not gained much attention at the family level. By understanding an individual's behaviour as emergent across multiple domains, one being family (Moen and Sweet 2004), it is possible to identify the action frames from which individuals risk creating a business. Scholars argue that families with a business background often play a much stronger role than any other social contact, as they influence and motivate their members to become involved in the entrepreneurial process.

Nanda and Khanna (2010) estimate that having self-employed parents increases the probability of starting one's own firm by 29%. Klyver and Foley (2012) argue that an entrepreneur's family members play an important role in the entrepreneurial process as they tend to be influential in the start-up phase where they most often provide the entrepreneur with emotional support or financial resources. Often, the decisions entrepreneurs are about to take are important to these people as well, for there may be mutual or similar obligations that exist, due to the closeness of family members, such as spouses. According to a survey on networking and culture in the entrepreneurial process, carried out by Klyver and Foley (2012), it was discovered that the role of the family differs among entrepreneurs. Amongst some entrepreneurs, family plays a role, whereas family has no significance for others. Often when family does play a role, it is because the family members are informal investors (Anderson et al., 2005) or providers of emotional support (Klyver and Foley, 2012). However, they also discovered that as entrepreneurs progress in the entrepreneurial process, the complexity and importance of their business relationships reduces the importance of the relationship with family.

According to Cetindamar et al. (2012), family members are generally more trustworthy in matters involving sensitive transactions where the risk of opportunism and malfeasance is high in new businesses. Similarly, family members can be trusted in under-the-counter transactions aimed at evading taxes and other government regulations that are common in new and small businesses in many parts of the world, such as developing countries. Bhagvatulah et al. (2008, cited in Cetindamar, 2012) discussed how family

members of entrepreneurs (specifically, master weavers) in the Indian state of Andhra Pradesh work with clients on a regular basis to market new products and recover credit. Thus, the role of family can be especially beneficial in facilitating individuals' entrepreneurial entry. It then follows that the role of the family can have a positive influence on entry into the entrepreneurial process albeit to a certain threshold, where according to Klyver and Foley (2012) the complexities and importance of the business relationships overshadow the importance of the relationship with family.

Family and economic activity are 'inextricably intertwined' (Aldrich and Cliff, 2003). Family households are one of the few sources of resources (Danes et al., 2008) and may serve as a default governance mechanism for firms without formal structures (Carney, 2005). Previous academic discussions of entrepreneurship have traditionally focused on the individual with little attention being given to the family context in which the entrepreneur is embedded. This resulted from the implicit assumption within entrepreneurship research literature that decisions about starting and growing a business are taken by the individual entrepreneur who responds to a profitable business opportunity with little consideration of the needs or preferences of family members (Nordqvist and Melin, 2010). While starting up, the entrepreneur has been beneficial for the broader development of the entrepreneurial process subject domain. This means it is now clear that focusing on the individual provides an incomplete view of the entrepreneurial process, as there is a growing research interest in family business ownership, which has increased awareness that family members frequently influence business decisions.

One of the most fascinating findings of entrepreneurship research is that the decision to become an entrepreneur is positively linked to parental self-employment. As mentioned earlier, scholars argue that families with a business background often play a much stronger role than any other social contact. They influence and motivate their members to become involved in the entrepreneurial process. Members of these families are also expected to possess a higher ability in order to launch a business in future (Van Auken et al., 2006; Wyrwich, 2015).

Theoretically, there is a consensus regarding the many potential channels through which parents influence the entrepreneurial choices among their offspring. The most obvious explanation is inheritance of the parental business. This channel, however, has been shown to be relatively weak, as statistics reveal that many children of entrepreneurs go on to establish their own businesses, that is, they do not simply take over their parents' business (Dunn and Holtz-Eakin, 2002). Three other explanations involve the intergenerational transfer of tangible and intangible resources. Parents can: (1) transfer financial resources, which relax liquidity constraints of their children, (2) provide the opportunity to acquire industry-specific knowledge and experience, for instance, by letting their children work in the business. This, and gaining easy access to parental business networks, can be helpful in identifying industry-specific entrepreneurial opportunities. Finally, (3) watching and learning from their parents with regards to conducting their business can result in the acquisition of general human capital and entrepreneurial ability that allows the identification of opportunities beyond the industry context of the family business (Parker and Bel, 2006).

There are two other intensively discussed explanations for the phenomenon: genetic inheritance and the transmission of a taste for entrepreneurship. The former posits that it is the presence of an 'entrepreneurship gene' that explains intergenerational correlation in entrepreneurial choice (Nicolaou and Shane, 2010). The latter explanation is provided in the social learning theory (Bandura, 1986, cited in Elenkov, 1997). The main argument here is that children observe the behaviour and experiences of their (self-employed) parents, viewing them, although perhaps not consciously, as role models. In the process, they internalise norms of behaviour, which in turn, affect their actions, professional orientation and preference for entrepreneurship, willingness to take risks and they strive to become independent. Parents can influence their children via certain parenting practices and by transmitting their value orientation (Dohmen et al., 2012; Chlosta et al., 2012). Empirical evidence suggests that parental role modelling plays an important role in entrepreneurial choice and dominates the influence of both genetics (Lindqvist et al., 2015) and parental transfer of resources and human capital. In addition, Laspita et al. (2012) show that the intergenerational transmission of entrepreneurial intentions varies across cultures.

3.2.3. Institutions and Society

Institutions are complex and flexible social arrangements that are made up of representational aspects that are verbal and social activities, but also concrete objects and resources. Some, like Thornton (1999), have suggested that in order to achieve a better understanding of entrepreneurship one has

to look into sociology literature. Hence, we begin by looking at the writing of a prominent writer in this area, Scott (1995), who forwarded the neo-institutional analytical framework to compare the effects of the regulative, cultural-cognitive and normative dimensions of entrepreneurial activity. This framework shows the multiple aspects of the environment on entrepreneurship in a society. He sees that institutions are social arrangements that have achieved a high level of adaptability to change, that is, resilience (Scott, 1995).

Using past research Scott defines three pillars that make up institutions, which are regulative (rules), normative (norms and customs), and cultural-cognitive (cultural values and beliefs). These are linked to one another and they provide constancy of social existence, as shown in Table 2. This Table shows that each of these pillars are embedded in and communicated through carriers (Jepperson, 1991). These carriers are interconnected and include certain types of systems (such as: symbolic and relational), beliefs and practices. It shows that Scott's (1995) model is concerned with the notion of legitimacy that impacts institutions (such as individual, organisational and social). An approval or legitimacy is achieved through credibility and social acceptance. Suchman (1995, p. 574) defines legitimacy as the "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions"

Table 2: Three Pillars of Institutionalism

Pillar	Characteristic		
	Regulative	Normative	Cultural-cognitive
Basis of compliance	Expedience	Social obligation	Taken-for-grantedness Share understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms (of control)	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules Sanctions Laws	Certification accreditation	Common beliefs Shared logics of action
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible recognizable Culturally supported

Scott (1995, p. 52).

According to Scott, legitimacy is achieved through an approved agreement with applicable rules, endorsement of the norms and/or in agreement with the ‘cultural-cognitive’ environment. Furthermore, Veciana and Urbano (2008) state that according to Scott (1994:56), institutions are viewed as made up of three component elements:

1. Meaning systems and related behaviour patterns, which contain
2. symbolic elements, including representational, constitutive and normative elements that are
3. enforced by regulatory processes

They write that Scott (1995:33) suggests that “institutions are transported by various carriers – cultures, structures and routines – and they operate at multiple levels of jurisdiction”. The regulatory dimension or component of the institutional profile consists of laws, regulations, rules and government

policies in a particular national environment, which promotes certain types of behaviour and restricts others. The regulative processes consist of rule-setting, monitoring and sanctioning activities. Here, regulative processes involve the capacity to establish rules and inspect or review others' conformity to them.

They write that normative components are made up of social norms, values, beliefs and assumptions about human nature and human behaviour that are socially shared and carried by individuals, in the form of culture. Normative systems define goals/objectives (such as winning the game or making a profit) but also designate the appropriate ways to pursue them (such as conceptions of fair business practices). The cognitive dimension or component reflects the cognitive structures and social knowledge shared by the people in a given country or region. The cognitive elements of institutions are the rules that constitute the nature of reality and the frames through which meaning is made. Cognitive structures affect the cognitive programs, like schemata, frames and inferential sets, which people use when selecting and interpreting information (Markus and Zajonc, 1985). As discussed, the three pillars are related but can aid in achieving legitimacy. The regulative aspects are concerned with conforming to rules. Enterprises only become legitimate once they conform to quasi-legal requirements. The normative dimension encourages a deeper respect for legitimacy. According to Scott (1995), normative controls are more likely to be adopted than regulative controls backed by intrinsic as well as extrinsic incentives (Scott, 1995:47).

On the other hand, writers like Veciana and Urbano (2008) write that institutions are, according to North (1990), the humanly envisioned constraints that structure political, economic and social interaction. Here, North believes that institutions are made up of both informal constraints (values, norms, sanctions, taboos, customs, traditions and codes of conduct) and formal rules (constitutions, laws, economic rules, property rights and contracts). According to North (1990) institutions have been established to create order and reduce uncertainty. Along with standard constraints of economics they define the choice of set and therefore determine transaction and production cost and hence the profitability and feasibility of engaging in economic activity. Institutions evolve slowly and connect the past with the present and the future.

However, Tolbert et al. (2011) argue that despite there being points of intersection between institutional theory and entrepreneurship, these have generally remained distinct subjects in literature. Although some have aimed to connect them together (such as Thornton, 1999; Sine et al., 2005; 2007; Sine and David 2010, cited in Tolbert et al., 2011), much of the research conducted under the banner of contemporary institutional theory has remained focused on issues of change in established organisations (e.g. Tolbert and Zucker, 1983; Hoffman, 1999; Lounsbury, 2001; Greenwood and Suddaby, 2006; Dacin and Dacin, 2008 (all cited in Tolbert et al., 2011)) rather than on the generation of new organisations. At the same time, whereas entrepreneurship research has used concepts that are very similar to those of institutional theorists, the connections to work of the latter are not always clearly elaborated or acknowledged. Thus, for example, Shapero and

Sokol (1982, p.83, cited in Tolbert et al., 2011) refer to the “social and cultural factors that enter into the formation of entrepreneurial events”. According to Tolbert et al. (2011) entrepreneurial motivations are complex despite economic theories emphasising the monetary gain as the driving force behind entrepreneurs’ risk taking.

Meek et al. (2010) believe that institutions can be broadly characterised as either: (1) public, centralised institutions, or (2) private, decentralised institutions (Ingram and Silverman, 2002, cited in Meek et al., 2010). Public institutions include laws, regulations and tax codes while private institutions include societal norms, cultural norms, expectations and beliefs. However, both are important and ‘impactful’ for entrepreneurship due to ‘liability of newness’ (Stinchcombe, 1965, cited in Meek et al., 2010) and they state that an entrepreneur has to struggle against existing institutional arrangements (Aldrich and Fiol, 1994, cited in Meek et al., 2010; Scott, 1995). They believe that new entrepreneurship is impacted by the economic and political context (Shane, 2004, cited in Meek et al., 2010). They hold that the relationship between the economic environment and entrepreneurial activity is well understood and intuitive; economic stability (Harper, 1998; McMillan and Woodruff, 2002), capital availability (de Bettignies and Brander, 2007; Shane, 1996, cited in Meek et al., 2010) and reduced personal income taxes (Gentry and Hubbard, 2000, cited in Meek et al., 2010) are all positively associated with entrepreneurship. They have highlighted a gap in the literature where they state that our understanding of the interaction between political, public institutions and social, private institutions is less clear, and even more unclear is the area of institutions determining the direction of

entrepreneurship towards the creation of social wealth (Baumol, 1993; Venkataraman, 1997).

More crucially Meek et al. (2010) have stated that while the influence of traits and situational factors have largely been dismissed as drivers of entrepreneurship one needs to examine how norms that impact the levels of entrepreneurship can help us understand why some individuals choose to become entrepreneurs and choose specific business areas. They state that we need to check what predicts entrepreneurship and what creates societal benefits (Baumol, 1993). Their work highlights the power of social norms to influence entrepreneurial action and the efficacy of policy decisions that lead to economic and environmental benefits for society.

Finally, entrepreneurs are both constrained and enabled by the institutions in their environment (Bruton et al., 2010). Contextual factors, such as action of governments in constructing and maintaining an environment that is supportive towards entrepreneurship, along with having the necessary social norms toward entrepreneurship, are crucial. These factors will be discussed further in the next subsection of this chapter. Bruton et al. (2010) believe that the amount of entrepreneurship that develops in a society is directly related to the society's regulations and policies governing the allocation of rewards. Therefore governments can ensure markets function efficiently by removing certain entry barriers, market imperfections and unnecessarily stifling regulation. This is often the case in emerging economies like Kuwait where growth in the emerging economies of Eastern Europe was impeded by the

absence of effective market-based institutions to protect property rights and to ensure fair competition. There was ineffective legal enforcement of contracts and property rights; private entrepreneurs in such environments depend profoundly on informal norms for security (Ahlstrom et al., 2000) and find alternative governance structures and contractual arrangements (Peng, 1996). Informal ties and relational governance fill in the 'institutional voids' resulting from an inadequate formal institutional infrastructure (Khanna and Palepu, 2000). Though these informal institutions, such as building connections with key government officials and other managerial ties can be very helpful, these can also be costly to firms and may hinder new venture development. Therefore entrepreneurs are discouraged from starting ventures if there are no formal institutional structures (or substitute informal ones). They can also be discouraged if they are forced to comply with too many rules and procedural requirements, are expected to report to an array of institutions, and have to spend substantial time and money in fulfilling the requirements.

3.3. Entrepreneurial Intentions and Actions

3.3.1. Entrepreneurial Process Definition

According to Shane and Venkataraman (2000) there is a lack of a framework for understanding the entrepreneurial process, thus researchers refer to the entrepreneurial process from two angles. Firstly, Sarasvathy (1997, cited in Shane, 2013) sees the process as transforming an idea into a firm and focuses on how a new venture is created that might result in mistaking one

for the other. Entrepreneurial process is the pursuit of a new venture. Secondly, the process is a way of turning individuals into entrepreneurs (Stevenson et al., 1985; Hopp and Stephan, 2012; Kibler, 2013; Hui-Chen et al., 2014). This perspective has an advantage for this study as it looks at how people become entrepreneurs rather than focusing on the business and how it is being established. Thus researchers describe the entrepreneurial process in their work with different models. These models usually include the stages of pre-start-up, start-up, growth and maturation. Churchill (1983) noted: “‘Seriously considering doing it’ is a stage when an individual decides that having his/her own business is a serious possibility and that s/he wants to be an entrepreneur”.

The period of ‘pre-start-up’ has been defined in different ways by many scholars (Blanchflower et al., 2001). After this period, the potential entrepreneur undergoes a change in outlook; what was previously pure speculation or an intellectual game now becomes a distinct possibility. Churchill (1983) defines the start-up-stage in two different substages: plan for it by developing the fundamental business concept and then prepare the business plan, then, do it by taking the plunge and actually launching or acquiring the business.

Shane and Venkataraman (2000), and Davidsson (2006) identify two phases during the entrepreneurial process: the discovery phase and the exploitation phase. Although the first has to do with the very early phases including the origins of the start-up idea, the latter refers to the tangible actions associated with putting this idea into action, for example, acquiring resources. Grilo and

Thurik (2005), and Grilo and Irigoyen (2006) suggest that everyone who would, in principle, prefer to be self-employed – whether or not they are actually planning to do so – should be placed at an early stage of the discovery phase.

Brixy et al. (2012) have combined elements of both Sternberg and Wenneker's (2005) principles. They view entrepreneurship as a combination of some elements of behavioural entrepreneurship, along with aspects of the dynamic perspective of occupational entrepreneurship, making a new venture by creating the hallmark of entrepreneurship. Consequently, they do not equate self-employment with entrepreneurship, but they consider the process of self-employment as the same process as starting up a venture. They state: "Becoming an entrepreneur is usually quite a long process, from the first thoughts until eventually starting the business" (Brixy et al., 2012b:107). This was the foundation stone they used to build their entrepreneurial process by converting a person into becoming an entrepreneur. This was conceptualised in three stages: latent nascent entrepreneurs, nascent entrepreneurs and real (actual) entrepreneurs. The latent nascent entrepreneurs stage includes adults who are planning to start a business within the next three years. This is more specific than the concept of pre-start-up but it is nevertheless still an intention without any evidence of how concrete this intention really is. Vesalainen and Pihkala (2000:145) define the latent stage as: "a conscious state of mind that directs intention, and therefore experience and action, towards a specific object (goal) or pathway to achieve it". Thus, a latent entrepreneur can be defined as any individual who thinks seriously of an entrepreneurial career as a job option, has a strong intention to be an

entrepreneur, or prefers self-employment above wage employment. But this individual does not take any steps to put his thoughts, intentions or preferences into action or convert it into reality (Blanchflower et al., 2001; Grilo and Irigoyen, 2006; Grilo and Thurik, 2005). Latent entrepreneurs wish to be self-employed in the future and have the possibility to realise self-employment with adequate context (Vesalainen and Pihkala, 2000).

Pihie (2009) notes that intention is the state of mind or attitude that influences entrepreneurial action. In addition, entrepreneurial process is an intentional activity, in that for many the intentions are formed at least a year in advance of a new venture. Former theories regarding the entrepreneurial intention support the link between the entrepreneurial process and intention. Also, there is a strong association that exists between the entrepreneurial intention and the actual behaviour (Pihie, 2009).

For example, Ajzen and Fishbein's (1975) theory of reasoned action declares that behaviour is greatly influenced by one's intention to engage in that behaviour and intentions are influenced by the attitude towards the behaviour. This implies that intention comes before the actual behaviour. Shapero and Sokol's (1982) entrepreneurial event theory examines life changes and their impact on individual desirability and perceptions of feasibility related to a new venture formation. The underlying assumption of the entrepreneurial event theory is that critical life changes (displacement) precipitate a change in entrepreneurial intention and subsequent behaviour. Displacement can occur in a negative form, such as job loss, or a positive

form, such as financial support. The intention to become an entrepreneur therefore depends on the individual's perceptions of desirability and feasibility in relation to that activity. Bandura's (1991) process driven theory reasoned that behaviour is dependent upon an individual's perception that they can carry out the intended action. According to the process driven theory, external environmental influences shape the attitude and form the intention, which if strong enough, lead one to take action. Ajzen's (1991) theory of planned behaviour focuses on intentions of an individual, which will determine the actual behaviour towards something. According to this theory there is a relationship between the intention to be an entrepreneur and the act of becoming one. Thus, one's intention greatly explains the behaviour. Entrepreneurial intentions are the first step in the evolving of and, sometimes, long-term process of, venture creation.

Subsequently, the stage beginning after an individual has decided/planned to become an entrepreneur, and ending with either the successful creation of an operational business or the disbanding of the venture creation efforts, is known as the 'nascent stage' (Hopp and Stephan, 2012). The concept of the nascent stage is more distinct. An individual is considered to be a 'nascent entrepreneur' if they have taken actions in the past year to create a new business and if they expect to own or to share ownership of the firm (Brixy et al., 2012a/b).

Reynolds and Curtin (2009) describe the nascent stage as the implementation process for nascent entrepreneurs to act and complete various tasks to successfully launch their venture. Therefore, a nascent

entrepreneur refers to an individual who is: “taking active steps to start a business” (Van Stel et al., 2007:173) or has “initiated some entrepreneurial start-up activities and is doing more than just talking about it...moving from conception into the gestation or start-up process” (Reynolds et al., 2005:210).

In the final stage, real (actual) entrepreneurs, who were once nascent entrepreneurs, have put their start-up idea into action within the last three and a half years (Brixy et al., 2012a/b). Pihie (2009) refers to the actual stage entrepreneurs as people that have actually started a business. Hence, a practising, or actual, entrepreneur is an individual who is self-employed or owns a business (Hamilton, 2000; Beugelsdijk and Noorderhaven, 2005).

Of course, it should be stressed that these three stages of the entrepreneurial process must not be interpreted as absolutely strict; transition from one stage to the other is, to a degree, fluent and case specific (Bosma and Levie, 2010; Hessels and Terjesen, 2010). This process is hardly linear, unidirectional, predictable or inevitable (Dimov, 2011). For example, young people, who are actual entrepreneurs, by discontinuing their business and becoming involved in new start-ups, become nascent entrepreneurs (Bosma, 2013). Nascent or intending entrepreneurs, who have failed in starting up the business, reconsider the business idea (Hopp and Stephan, 2012).

Nevertheless, the stages as such, are meanwhile accepted at least as stylised facts in entrepreneurship research, although empirically under-researched (Brixy et al., 2012a:107). Furthermore, Brixy et al. (2012b) highlight that the research community has few empirical studies that differentiate between the entrepreneur types in different early stages of a

business establishment's history. However, studies about nascent entrepreneurs (Davidsson, 2006; Gartner et al., 2006) and real (actual) entrepreneurs (Fritsch and Falck, 2007) have recently increased in an extreme manner. Still, few studies have so far considered latent nascent entrepreneurs explicitly (Grilo and Thurik, 2005).

3.3.2. Factors Affecting the Entrepreneurial Process

This subsection focuses on the factors that impact the entrepreneurial process, analyse the dropouts (as a negative effect) or success (as a positive effect) of potential entrepreneurs during this process, and subsequently the number of new firms reduced or added to the economic growth (Brixy et al., 2012; Baltar and De Coulon, 2014). According to Brush et al. (2008) these factors or challenges are quite different in the early stages from those of the later entrepreneurial stage. The existing literature on factors affecting the entrepreneurial stages is dominated by approaches based upon the entrepreneur himself. Recently this literature has experienced a fundamental shift away from person-oriented empirical work to context-related work. Even within the person-oriented entrepreneurship research, the shift has occurred from pure demographic characteristics, such as gender and age, to a person's cognitive and attitude-related aspects (Brixy et al., 2012a; Baltar and De Coulon, 2014). An example of combining person-oriented with context-related work was given by Sternberg and Wennekers (2005) who distinguish four factors affecting the entrepreneurial process: the national environment (for example, countrywide laws), the regional environment (for

example, gross domestic product – ‘GDP’ – per capita), the microenvironment (for example, role models among friends or family) and the characteristics of the (potential) founder (for example, age and gender).

Other factors have been argued by scholars to have an effect on an entrepreneur’s intentions, decisions and actions to become entrepreneurs. According to Yıldırma et al. (2016) understanding the level of entrepreneurial intentions helps policymakers and researchers to forecast entrepreneurship activities and potential that can lead to achieving economic goals. Because such intentions, background, personal history, social context, attitudes toward entrepreneurship, planned behaviour and personality traits are pointed out as factors that impact the propensity to engage in entrepreneurship, these factors are categorised as internal (personality) and external (contextual or environment).

Likewise, Wang et al. (2015) state that entrepreneurial intention is central to explaining how new businesses start and influence entrepreneurial action. They hold that entrepreneurial intention is a person’s self-acknowledged conviction to start a new business venture and the conscious plan to do so in the future (Thompson, 2009). Lans et al. (2010, cited in Wang et al., 2015) provide three types of intentions: classical entrepreneurial intention (to establish a business), alternative entrepreneurial intention (to continue operating an inherited or acquired firm) and entrepreneurial intention (to be an entrepreneur or corporate entrepreneur). These three types of intention indicate that learning goals and professional needs differ among entrepreneurs.

Likewise, Yousaf et al. (2014) found that students' entrepreneurial attitude, perceived desirability and subjective norms significantly lead to the development of student intentions to become entrepreneurs. But students' existing skills and capabilities are not significant predictors of their intentions to become entrepreneurs. Thus, they can become successful entrepreneurs even without existing entrepreneurial skills and capabilities, provided that they have the entrepreneurial attitude, desirability and support from the community. It may be their need and necessity that leads to them becoming entrepreneurs. For instance, Lakovleva et al., (2010, cited in Yousaf et al., 2014) found from their research that respondents from developing countries had very strong entrepreneurial intentions compared to those from developed countries, and they scored higher on the theory's antecedents (attitudes, subjective norms and perceived behavioural control) of entrepreneurial intentions.

On the other hand, Polin et al. (2016) explore the impact of parents' careers on the entrepreneurial intentions of children, in particular the self-employed. They found that university students with self-employed parents were likely to express greater interest in engaging in entrepreneurial activity than their peers without self-employed parents. They then found that self-employed mothers are more influential on males than self-employed fathers, and those with two self-employed parents are most likely to express an interest in entrepreneurial activity. A self-employed mother was just as influential as a self-employed father even in the case of females. But a female with two self-employed parents had a lower interest in entrepreneurial activity. Likewise, Ibrahima and Mas'ud (2016) write that entrepreneurial skills, environmental

factors and entrepreneurial orientation have a strong impact upon the entrepreneurial intention. Entrepreneurial orientation moderates the relationship between entrepreneurial skills and entrepreneurial intention. For example, Obschonka et al. (2010) state that humans are active agents who do not engage in entrepreneurship by accident; they do it intentionally as a result of choice. Thus, entrepreneurial intentions are the strongest proximal predictor of entrepreneurial activity.

However, Mortana et al. (2014) note that it is not only intention but also emotional intelligence that leads to entrepreneurship (such as: appraisal and expression of emotions, regulation of emotions and utilisation of emotions) and entrepreneurial intention mediated by entrepreneurial self-efficacy, controlling the influence of personality factors and demographic variables (age, gender and country). Emotional intelligence refers to the mental processes involved in the recognition, use, understanding and management of emotional states to solve problems and regulate behaviour. Mortana et al. (2014) note that little research exists on emotions' perspective, but they believe that the influence of socio-demographic characteristics and personality traits on using emotions can lead to successful entrepreneurial activities and starting a new business. The next section looks at the viewpoint of young people and their entrepreneurial drive.

3.4. Young People's Perspective of Entrepreneurship

In assessing entrepreneurship from a young person's point of view the source of entrepreneurial opportunities can be impacted by two factors: a

change in the external environment (new opportunities) and individual factors (personality traits) (Shane and Venkataraman, 2000). Evidence from studies shows that the impact of specific personality traits and motivations (such as need for achievement and locus of control) on business creation and success is stronger than the impact of generic human capital variables like education and work experience (Rauch and Frese, 2007a/b; Unger et al., 2011).

Many researchers (Gilad and Levine, 1986; Cooper, 1993) focus on personality attributes on entrepreneurial process stages in different contexts. These investigations attempt to prove that the personality attributes of an individual are a key factor in influencing one to become an entrepreneur. The energy, passion and optimism can turn to overconfidence, especially when the entrepreneur is greeted by success, and the adulation, prestige and power that accompanies it (Kets de Vries and Miller, 1991). But, generally, a person aims to achieve self-efficacy and self-assurance as two key primary requirements to become an entrepreneur. This is underpinned by energy, self-confidence, need for achievement and independence rather than aggressiveness, narcissism, ruthlessness and irresponsibility.

Thus, Hayward et al. (2006) call attention to hubris in entrepreneurs. Also, for some entrepreneurs, the need for control and dominance is intrinsic, hence, they strive to guide a nascent venture, and can ultimately devolve into behaviours such as an obsessive wish to control the details of a business. This can lead to mistrust and a groundless suspicion of partners, employees and competitors (Kets de Vries, 1991). Therefore, an average entrepreneur

will struggle to set up a small business and deal with both the positive and negative connotations of entrepreneurial attributes. Studies have focused solely on the positive effects of entrepreneurial personality attributes while neglecting the negative effects, thus creating an unclear picture of the full and varied effects of entrepreneurial personality attributes on the stage of the entrepreneurial process.

Another interesting perspective is to refer to the theory of economic development (McClelland, 1965) that advocates that given time, the national level of a psychological motive, called 'need for achievement', is a key factor in a nation's subsequent rate of economic growth. Thus, individuals want to set themselves targets and then aim to meet these through their own initiative due to their need-to-achieve personality characteristic. Likewise, Sagie and Elizur (1999) believe that the need for achievement leads to struggle for success and perfection. Therefore, individuals who have a higher need-to-achieve motive are problem solvers, spend more effort in achieving their targets, try to improve their performance, try to overcome any challenging tasks they may come across and are innovative (Littunen, 2000; Utsch and Rauch, 2000). However, McClelland's theory suggests such motivated individuals with a strong need of achievement possibly find their way through entrepreneurship (McClelland, 1961). Such individuals tend to be satisfied and achieve more in their lives than those who take up other career positions (Entrialgo et al., 2000; Stewart et al., 2003).

The other main characteristic necessary for entrepreneurs is internal locus of control. According to Leone and Burns (2000), locus of control is the person's

ability to control an event in their life. The locus of control theory belongs to Rotter (1966), who suggests that an individual's locus of control can be seen as internal or external. An individual with an external locus of control is one who believes that fate, luck or chance are circumstances out of their control and other people can affect their control over an event in their lives (Koh, 1996; Hansemark, 1998). External control impedes learning and encourages passivity (Rotter, 1966).

Conversely, to have internal control means the results of individual actions are considered to be dependent either on the individual behaviour or on their permanent characteristics. Internal control expectation is related to learning, and therefore it motivates and supports active determination within the individual, which is usually associated with entrepreneurial characteristics (Rotter, 1966). Furthermore, it has been proven by many studies that the possibility of becoming an entrepreneur occurs more with individuals who have an inner locus of control than the individuals who do not (Thomas and Mueller, 2000; Hansemark, 1998; Koh, 1996; Utsch and Rauch, 2000).

It is important to note at this point that evidence exists that an individual's locus of control is a function of culture. One piece of evidence is provided by Thomas and Mueller (2000), who suggest that internal locus of control is dominant in individualistic cultures and that innovativeness and internal locus of control are prevalent in cultures with high individualism and low uncertainty avoidance. At the time, these findings led to the conclusion that cultures with high individualism and uncertainty avoidance are supportive of entrepreneurship. A limitation is that the subjects were students, and neither

study linked these traits to entrepreneurial outcomes. Furthermore, recent evidence of high rates of entrepreneurship in traditionally collectivist and uncertainty avoiding cultures (Pinillos and Reyes, 2011) suggests that we should be cautious in drawing strong conclusions. Much research has focused on high GDP countries in which opportunity-based entrepreneurial behaviour is more prevalent than necessity-based entrepreneurship. This suggests that the form of entrepreneurial behaviour may represent an important boundary condition on theoretical frameworks linking culture to entrepreneurship.

In spite of the possibility of becoming an entrepreneur occurring within individuals who have an inner locus of control, high levels of internal locus of control lead to a preference of employment, which challenges traditional entrepreneurship research and suggests that the feasibility of an entrepreneurial career path does not automatically make it desirable (Pinillos and Reyes, 2011).

3.5. Entrepreneurship in the Context of High Wealth Economies

The context has a lot of impact on the entrepreneurial intentions and action, hence, focusing on the context is important. An interesting and relevant study into entrepreneurship, similar to this research project, was carried out by Zeffane (2014). It draws on a large sample of 503 business studies students in the UAE. The study focuses on the concept of entrepreneurial potential as a measure of 'desirability and inclination' to start a business. The research

checked the degree of individualism and collectivism and checked their impact on students' inclination to become entrepreneurs.

The results show that the UAE has enjoyed significant growth and now leads the way in ambitious entrepreneurial programmes in the spirit of modernisation (Grant et al., 2007). They note that the country is shifting away from its dependence on oil and aims to diversify into real estate, tourism, world-class sporting events, finance and construction. In the UAE the government supported and encouraged such initiatives much more and this has led to exemplary growth because such institutional efforts have challenged the stereotypical assumption and the youth are now more accustomed to witnessing entrepreneurial success in the region. Hence, the youth are more inclined to endorse personal traits consonant with the spirit of entrepreneurship.

Therefore, it is apparent why Valdez and Richardson (2013) wrote that a society's normative, cultural-cognitive and regulative institutions are related to entrepreneurial activity. They write that normative and cultural-cognitive institutions' descriptive power in explaining entrepreneurial activity is higher than regulative institutions' or per capita gross domestic product. Thus, the differences in values, beliefs and abilities can play a greater role than simply the economic considerations of opportunity and transaction costs.

Sambharya and Musteen (2014) draw on institutional theory and they synthesise previous literature that examined the impact of the regulatory, normative and cognitive dimensions of the local institutional environment on entrepreneurship. They then test and replicate the link between the institutional environment and two types of entrepreneurial activities, opportunity-driven and necessity-driven entrepreneurship, using recent data on 43 countries. They found countries with less market openness, greater power distance and collectivism had higher levels of necessity-driven entrepreneurship and regulatory quality. The uncertainty avoidance did not have a profound impact on this type of activity. Alternatively, countries with less market openness and regulatory quality and smaller power distance were associated with opportunity-driven entrepreneurship.

Therefore, findings of researchers like Puumalainen et al. (2015) become relevant where institutional and cultural contexts shape social entrepreneurship differently. They explore the roles of culture, socioeconomic development and governance institutions on the prevalence of social entrepreneurship. The empirical results are based on Global Entrepreneurship Monitor data, including 49 countries across the globe. The results show a negative impact on the level of development for entrepreneurial activity and no impact on social entrepreneurship. They did find that entrepreneurial activity is high in nations where economic, social and governance development is lower. Here, people do not accept inequalities of power and are collectivistic rather than individualistic and are more tolerant of

uncertainty. However, they found that social entrepreneurship is not affected by the level of governance development where the power distance is the only cultural variable that significantly explains its prevalence in people. They found that secular-rational orientation and self-expressive values are important too but just for existing entrepreneurship.

An interesting case of a developing but cash-rich country was presented by Pereira (2007) who wrote that Singapore faced a low level of entrepreneurship in 2001. In order to increase this they introduced an economic policy called the Technopreneurship 21 programme and it also embarked upon an ideological campaign to create a more pro-entrepreneurial society. This research involved checking the attitudes of undergraduates towards entrepreneurship, and it concluded that the country's efforts were believed to have a positive impact on the level of entrepreneurship. Another context-specific study was carried out in London by Nathan and Lee (2013). This involved a very large sample of 7,600 organisations and aimed to investigate the link between entrepreneurship, cultural diversity and innovation. The results show that diversity of workforce helped London businesses; diversity was important for reaching international markets and serving London's cosmopolitan population; and, most importantly migrant status has positive links to entrepreneurship.

Linan and Fernandez-Serrano (2014) state the importance of entrepreneurship in national and regional economic development. They identified the importance of national culture in explaining the amount of

economic development and the impact of entrepreneurship on the income level in the case of the European Union. They collect and analyse data from developed and developing countries and they use the multidimensional concept of culture in helping to explain the complex relationship between culture, income and entrepreneurship. Similarly, other researchers have seen the role of context and economics in the level of entrepreneurship, whereby support from the government in question is very important, even if it is in the form of press and public officials encouraging it (Goetz and Freshwater, 2001). Education institutions, through governmental level stimuli, can also play a role in encouraging further entrepreneurship (Belwal et al., 2014).

Likewise, researchers like Acs et al. (2008) state that countries with greater increase-wealth-motivated entrepreneurs usually have higher levels of job-growth orientation and export-oriented entrepreneurship. However, social security benefits discourage the levels of innovative, job growth and export-oriented entrepreneurship. Acs et al. (2008) results show that the increase-wealth motive mediates the relationship between country levels of economic development/growth and entrepreneurial intention and action. They found that GDP per capita had a positive relationship with high job growth and export aspirations, however, it also had an indirect negative relationship with these aspirations through its negative relationship with the increase-wealth motive. Because more wealthy countries have lower increase-wealth-motivated entrepreneurs they state that growth in GDP has a positive link to high job growth aspirations, and an indirect positive relationship with high job growth and export aspirations through the increase-wealth motive.

Finally, Sahasranamam and Sud (2016) state that research surrounding the issue of entrepreneurship has largely been around contexts prevailing in either high or low-income countries. However, their aim was to study individual level antecedents of entrepreneurial activity in two rapidly growing mid-income economies – India and China. In this research they use the Global Entrepreneurship Monitor adult population survey and find that in both contexts, factors like gender, age, fear of failure and an individual's human/financial/social capital impact both opportunity and necessity entrepreneurship. They find specific pull and push factors that facilitate both opportunity and necessity based entrepreneurship.

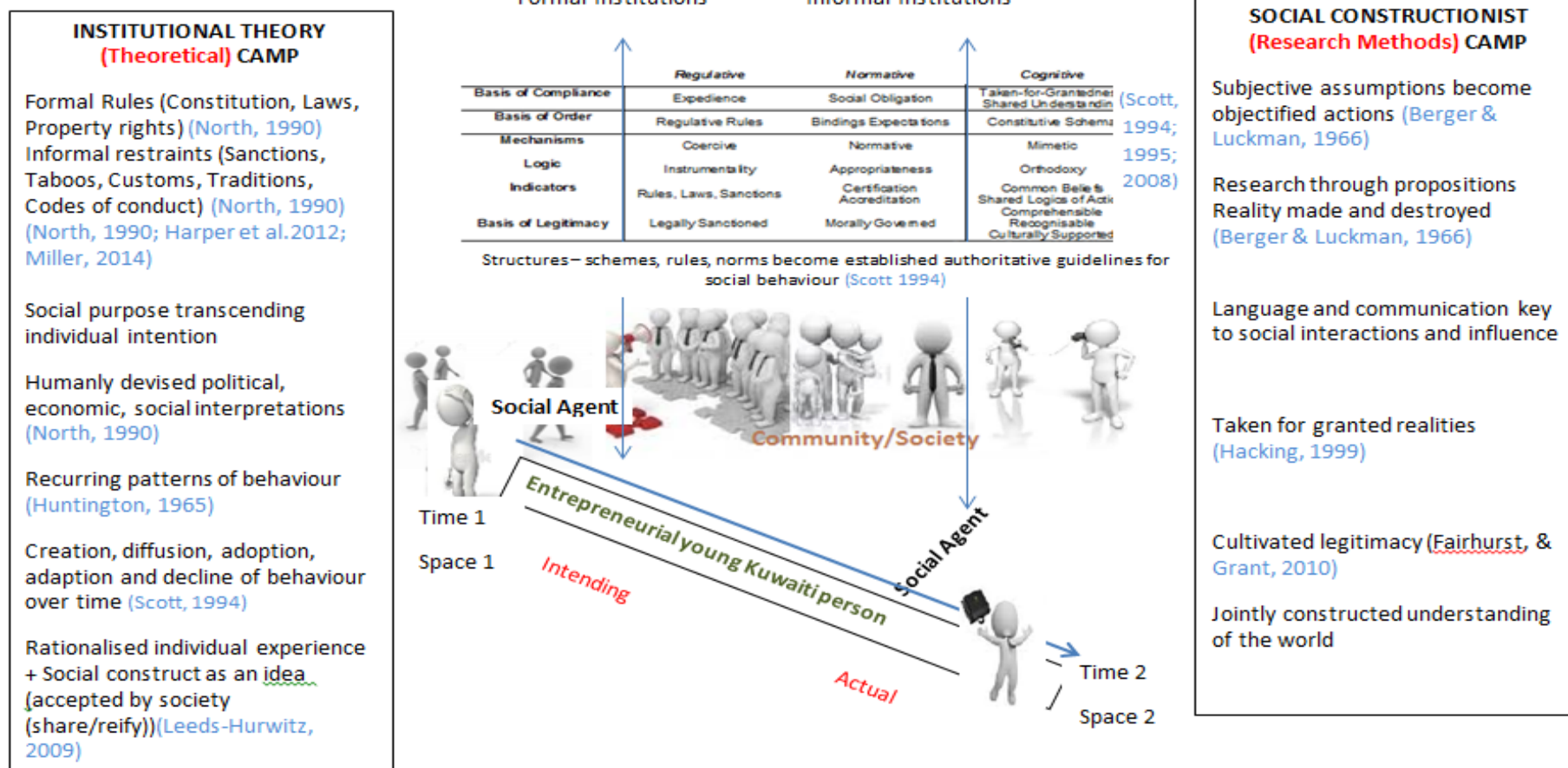
3.6. Conclusion

This chapter has provided a comprehensive set of literature that looks at how institutions affect entrepreneurial intentions and actions among Kuwaiti youth. It has provided literature in the form of four categories to address the research question: (1) institutions as they are central in the research question, (2) entrepreneurial intentions and actions, (3) young people's perspectives on entrepreneurship, and (4) level of entrepreneurship in the context of high wealth economies, like Kuwait. The literature shows that there are several views that try to explain how exactly institutional environments influence human behaviour. This enabled the research to highlight the literature concerning the role of institutions in influencing Kuwaiti youth in their formulation of entrepreneurial intentions and ideas. Further, it helped to

look at assumptions regarding how institutions could aid Kuwaiti youth in bringing their intentions into action.

This has led the researcher to create a framework to allow him to achieve this goal, as provided in Figure 3. This figure shows that this conceptual map is derived from the institutional theory and is crossed with the social constructionist approach. It shows that an entrepreneurial person's initial assumptions are subjective, which could become objectified into actual assumptions over time. But this depends upon their social interpretation and influence of institutions on them or their context. Institutions can influence a person's intention, as a subjective experience, and lead to actions, based on social purpose, to make it an objective reality. Hence, those who gain social/institutional sanction and legitimacy have a better chance of becoming actual entrepreneurs. This research focuses on such institutional influence, reactions, endorsement and legitimation of ideas and actions of those wishing to follow an entrepreneurial path.

Figure 2: Research Conceptual Map



This conceptual map shows how an individual (young person) moves from holding an intention of becoming an actual entrepreneur over time if they receive appropriate encouragement through institutional legitimacy. These institutions are governmental, formal, informal and family, and have regulative, normative and cognitive impacts on individuals who are social agents. Social agents follow recurring patterns of behaviour (Huntington, 1965), and they rationalise individual experience and social constructs as ideas that are accepted by society. Individuals are social agents who share/reify situations in their mind (Leeds-Hurwitz, 2009) and they act on them

CHAPTER FOUR: METHODOLOGY

4.1. Chapter Introduction

This chapter provides the approach adopted for undertaking the research. It shows the research methodology adopted along with the use of the chosen philosophical stance of social constructionism for data collection in order to gain rich insights into how Kuwaiti institutions impact on social agents as young entrepreneurs (Chetty et al., 2014). The chapter outlines how the data will be collected and then analysed to work out meanings, notions and connotations resulting from formal and informal Kuwaiti institutions. It also details how research subjects are selected and details the interviewees in question. This is done while keeping the aims of this research at the heart of the research design. The aim is to investigate how institutions affect entrepreneurial intentions and action among Kuwaiti youth.

This research adopts a subjective social constructionist approach in investigating these phenomena. Social constructs are seen as ideas and one looks at how they are accepted by society. Individuals are social agents who share/reify situations in their mind (Leeds-Hurwitz, 2009) and they act on them. The research aims to achieve the research objectives through undertaking primary research. These objectives are:

1. To explore the influence of institutions in their environment/context on making Kuwaiti youth entrepreneurs.
2. To identify the different roles played by particular institutions in creating young entrepreneurs in Kuwait.

4.2. Choice of Philosophical Paradigm

The contribution of philosophy to a research project is invaluable, as any research requires the researcher to defend and justify the choice of the methodology by formulating the research paradigm, strategy, process and approach (Hughes and Garrett, 1990). Simply put, philosophy guides the researcher to decide upon the methodology (Easterby-Smith et al., 2012). Other indispensable benefits of using philosophy are providing the investigator with a clear understanding of the phenomenon and the worldview through ontological and epistemological considerations, while at the same time broadening the horizons (Easterby-Smith et al., 2012).

Epistemology is defined as the study of the justification of claims to knowledge. Namely, epistemology tries to answer the challenging question, 'How do we know?' It has also been defined as 'the theory of knowledge' (Hospers, 1997). Therefore, epistemology attempts to answer the question, 'What is knowledge?' (Garryling, 1998). Hughes (1990) argued that epistemology and ontology are related and that it is impossible to answer the epistemological question, 'What is the character of our knowledge of the world?' without thinking of the ontological question, 'What kinds of things are there in the world?' Ontology is the science or study that questions what exists, what it looks like, what units make it and how these units interact with each other (Blaikie, 1993). In simple terms, ontology is questioning: what is reality?

To understand more about philosophical paradigms and how they guide this research methodology, a short comparison between three key philosophical positions needs to be presented. Table 3 illustrates below the comparison

between the three philosophical paradigms, discussed earlier, and their ontology, epistemology and common methodologies.

Table 3: Comparison of the Three Categories of Scientific Paradigms and Their Elements

	Positivism	Realism	Constructivism
Ontology	Reality is real and apprehensible	Reality is real but only imperfectly and probabilistically apprehensible	Multiple, local and specific constructed realities
Epistemology	Objectivist findings true	Modified objectivist: findings probably true	Subjectivist: created findings
Common methodologies	Experiments/surveys verification of hypotheses, chiefly quantitative methods	Case studies/convergent interviewing, triangulation, interpretation of research issues by qualitative and by some quantitative methods	Dialectical: researcher is a 'passionate participant' within the world being investigated

Source: Adopted from Healy and Perry, 2000

The positivist ontology suggests that the world is external and objective; therefore, its epistemology is based on the belief that researchers and social actors are independent and science is value-free. The positivist school relates to the facts or causes of social phenomena and attempts to explain casual relationships by means of objective facts. Also, positivist research has a high predictive power, which means if positivist research was appropriately carried out, the outcome of it could guide the researcher to future possibilities and responses about the same investigated world (Bryman and Bell, 2014; Easterby-Smith et al., 2012).

Critical realism suggests that an actual social phenomenon can be ascertained (Heal and Perry, 2000), since there is a real world; that is, objects exist

independently of our perception of them and the world exists independently of our knowledge of it. In other words, knowledge can only be produced in terms of available descriptions or discourses (Sayer, 2000).

In contrast to positivism, social constructionism suggests that the world is subjective and constructed by social actors. Its epistemology is based on the belief that social actors are dependent and influence their own reality, driven by their values and beliefs. Social constructionism is concerned with the socially created meaning of social life, where particular meanings are given to social events and ways of living (Leeds-Hurwitz, 2009). This approach was brought to the fore by Berger and Luckmann in their work, 'The Social Construction of Reality', in 1966. They took their inspiration from the works and ideas of well-known social science scholars Émile Durkheim and George Herbert Mead. This approach can also be linked to the works of sociologist William Isaac Thomas and phenomenological sociologist and philosopher Alfred Schutz. These approaches hold that society is actively and creatively made or invented by human beings. They believe that society is a manifestation of meanings created by individuals rather than just given or taken for granted.

Berger and Luckmann (1966, 1991) believe that a 'society is a human product' and it is an objective reality, in which human beings are its social products. They state that subjective assumptions become objectified actions and are shown in the form of action in society. These scholars contextualised this theory by applying it to the role of religion (Berger, 1969) and their work on the socially constructed notion of deviance. Social constructions are simply meanings, notions and connotations which people ascribe to objects and events in their

environment. Here, 'realities' are made and destroyed, and any research involving social constructionism involves creating propositions. A social construct is an idea or notion which is apparent or natural to people who accept it, although it may not form their very personal notion of reality. So, it is an artifice invented by society (Berger and Luckman, 1966). For example, the notion of social class in Kuwait, where there are ruling, business and working classes, would be socially constructed notions. These three classes are very pertinent in Kuwait from a business point of view, as their access to resources is organised in a tiered way. For example, for a business the family's endorsement is needed in order for a working class young person to start up an enterprise initiative. However, in other parts of the world this may not be as much of a case, despite there being class-based societies.

According to Leeds-Hurwitz (2009) the construction of social reality involves a jointly constructed understanding of the world where shared assumptions are created and used. The core of the theory is the rationalisation of human experience and creation of models, then sharing and reifying these models through language and communication. Language and communication are key to social interactions and influence. The construction of joint assumption means deciding on common social constructs, creating a joint meaning placed on an object or event by a society and bringing about a new notion or connotation, as an invention or artifice of that society. This then guides them in dealing with an object or event and leads to an acceptance of that particular social construct or an idea by the society. Although this may or may not represent a reality shared by outsiders to that society, therefore, the social constructionist approach is excellent in understanding the ways in which society and its social agents

participate in the making of their perceptions and social reality. Hence, the ways in which social phenomena are created and institutionalised become a tradition.

According to Fairhurst and Grant (2010), social constructionism has emerged from symbolic interactionism and phenomenology. They also discuss the notion of cultivated legitimacy that is needed by different members of society. Berger and Luckman (1966) hold that people make their social world, which in return makes them, where their activities are made and replace realities. This approach cultivates the general 'taken-for-granted realities' that guide the 'interactions between and among social agents'. But there can be multiple realities that compete for truth and legitimacy and carry their own fundamental role of linguistics, language and communication and understanding. There is also a big role played by language and discourse (Manning, 2001).

According to Hacking (1999), social constructionism means something is socially constructed. He even claims that the notion of gender is socially constructed rather than it being biologically restricting or an enabling factor. He also states that the social constructs are not always clear. Unlike many other social theoretical approaches this approach accepts that there is an objective reality. But it takes an epistemological perspective and holds that knowledge is constructed and understood, as it is mainly about the construction of knowledge and places emphasis on everyday interactions between people and how they use language to construct their reality. This approach is useful in investigating the social setup and realities (Gergen, 1985), such as investigating the notion of entrepreneurship and influence of formal and informal institutions on citizens, as the perspective taken in this research.

In the social constructionist approach a researcher does not gather facts to measure how often certain patterns occur, but to appreciate the different constructions and meanings that people extract due to their experience (Easterby-Smith et al., 2012). The philosophical assumption of social constructionism emphasises that the observer (a researcher) is a part of what is being observed. Human interests are the main drivers of science and explanations aim to increase the general understanding of the situation. Research progresses through the gathering of rich data from which ideas are induced. Concepts should incorporate stakeholder perspectives and units of analysis may include the complexity of whole situations. Generalisation should be concluded through theoretical abstraction whereas sampling requires a small number of cases chosen for specific reasons (Easterby-Smith et al., 2012).

Because of the nature and characteristics of the social constructionism paradigm discussed above, particularly how it considers the world as subjective and constructed by the social actors, this paradigm is best for constructing or contributing to the evolution of new theories, or modifying existing theories, for the investigated phenomena. Furthermore, it has great capabilities to decode complex phenomena, to describe it within a context and to look at how a process or phenomena changes over time. The real involvement of social actors in understanding, explaining or constructing reality means that this paradigm is good for understanding people's ideas (Bryman and Bell, 2014; Easterby-Smith et al., 2012).

However, the focus of the research is to explore the entrepreneurial process within the Kuwaiti context, with the view to understand the factors (institutional,

resource-based and entrepreneurial attributes) that influence young natives in the (not linear and unidirectional) route of becoming entrepreneurs.

A choice of qualitative strategy is more appropriate for this research due to the need to focus on socially created constructs and meaning. Bryman and Bell (2014) defined qualitative research as a research strategy that usually emphasises words or things attached to them, for instance concepts or ideas, rather than quantification in the collection and analysis of data. As a research strategy it is intuitivist, constructionist and interpretivist, but qualitative researchers do not always subscribe to all three of these features. Qualitative research uses a naturalistic approach that seeks to understand phenomena in context-specific settings, such as a real-world setting, where the researcher does not attempt to manipulate the phenomenon of interest (Patton, 2002).

Qualitative research, broadly defined, means any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification (Strauss and Corbin, 1990). Instead, it produces findings arrived at from real-world settings where the phenomenon of interest unfolds naturally (Patton, 2001). Qualitative researchers seek illumination, understanding and extrapolation to similar situations (Hoepfl, 1997). Winter (2000) claimed that qualitative researchers have come to embrace their involvement and role within the research. Patton (2002) supported the notion of researchers' involvement and immersion into the research by extrapolating that the real world is subject to change and therefore a qualitative researcher should be present during the changes to record an event before and after the change occurs.

A major strength of the qualitative approach is the depth by which explorations are conducted and descriptions are written, usually resulting in sufficient detail for the reader to grasp the characteristics of the situation. Hence, the approach is a good tool for understanding and describing the world of human experience. Also, it is an appropriate tool to construct social reality (Bryman and Bell, 2007; Easterby-Smith et al., 2012).

Social constructionism is usually associated with a qualitative strategy (Bryman and Bell, 2014; Easterby-Smith et al., 2012). It is not limited to this general view, as there are other reasons behind choosing the qualitative strategy adopted in the research. The aim of the research is to investigate in depth about social reality and understand what factors influence young natives on the route to becoming actual entrepreneurs. To do so, data should be collected from social actors who are experts within investigated reality. Due to the nature of social actors, people's experiences and perceptions with regards to the object under exploration, are encapsulated in the verbal and non-verbal expressions. The process of gathering the data should be fixable, dynamic and inartificial.

Qualitative methodology has the ability to adjust the data collection methods used in this research to provide more flexibility for the researcher to control any event or action in the research. These data collection methods will capture any actions (non-verbal) and verbal data which are at the core of information needed to understand and construct research reality. This data-gathering style will allow the researcher to gain the most from each person and gather valuable knowledge about the social reality even if the number of people involved in the investigation is limited (Bryman and Bell, 2014; Easterby-Smith et al., 2012).

Factors that influence entrepreneurial process (personality attributes, resources and institution) are difficult to quantify. It would be difficult to measure most elements in this theory, for example, knowledge, skills, need for achievement and/or their effect through quantitative methods. Therefore, qualitative methods are more appropriate in measuring these factors and their effect on the entrepreneurial process. In addition, the research theory is not fully established and needs modification, thus one of the primary functions of the qualitative strategy is that it can assist in building theories. In general terms, the qualitative strategy is a perfect match for the philosophical paradigm and inductive approach of this research; they will work in harmony with each other (Bryman and Bell, 2014; Easterby-Smith et al., 2012).

4.3. Data Collection

This research uses in-depth interviews as a technique for gathering the data for exploration. This tool allows the researcher to obtain the required information from the interviewee. It is also a positive tool in gaining the interviewee's cooperation, and it has a high rate of return for participants in comparison to surveys (Kvale and Brinkmann, 2008).

The in-depth interviews give the researcher control over the interview process. For example, the tool can assist the interviewer in maintaining the intended direction of the interview process in case the interviewees are providing unrelated information with regards to the research questions. It also allows the interviewer to observe and record any non-verbal reactions, such as: expressions, gestures or tiredness from the interviewees. These non-verbal replays are sometimes used by interviewees to express their agreement,

disagreement, confirmation or disconfirmation of the subject discussed or investigated in the interview process (Kvale and Brinkmann, 2008). In this research a number of intending and actual young entrepreneurs were interviewed in order to capture their points of view, reactions and feelings, as these are crucial to making sense of their world. The impact of different types of institutions upon their choices and decisions will reveal an interesting set of insights.

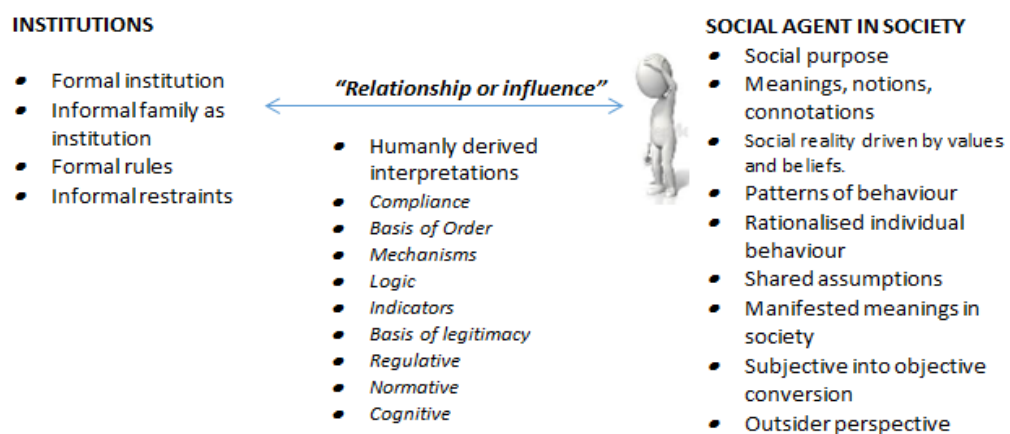
In this research interview questions were asked to elicit the intentions and assumptions of entrepreneurs and some of these questions were semi-structured and some were open ended to allow the interviewees sufficient freedom to express their views while staying focused. Semi-structured questions (Kvale and Brinkmann, 2008) are used in interviews to obtain some understanding of presumptions concerning the entrepreneurial process, and open-ended unstructured questions are used to discover the expected new institutional factors or elements (Silverman, 2000). Furthermore, these questions were drafted according to Flanagan's (1954) critical incident technique. The technique basically requires the researcher to collect data at the critical incident moment. In relation to this research the critical incidents are stages leading to the setting up of a business.

Using the social constructionist approach the researcher explores and exposes the impact of institutions on social institutional constraints, entrepreneurial intention and actions of Kuwaiti youth. The aim is to explain the role played by particular institutions in influencing Kuwaiti youth to formulate an entrepreneurial intention, in helping Kuwaiti youth to develop their ideas and put them into

action. The real impact of institutional rules, regulations and devised obligations upon the youth will become apparent during the interviews; the real connotations and taken-for-granted realities will be exposed. The actual cultivated legitimacies affecting the youth will become apparent. The implications of jointly created understanding will also become apparent. It also aims to expose the role played by particular institutions in assisting Kuwait youth to develop ideas and plans and bring them into existence through their actions.

Therefore, social constructs associated with formal and informal Kuwaiti institutions will be elicited and it will be inferred as to how they affect the young people of Kuwait into becoming entrepreneurs, as shown in Figure 4. In particular, the researcher hopes that the research subject may reveal something about their understanding concerning the notions of compliance, basis of order, mechanisms, logic, indicators and basis of legitimacy, as these factors relate to how institutions influence social agents.

Figure 3: Formal and Informal Institutions vs Kuwait Youth Entrepreneurial Notions



The relationship and influence of institutions on social agents will be useful to reveal as that would show the levels and degree of impact on the social agent. As Figure 4 shows, there are formal and informal institutions that work on the basis of formal rules and informal restraints (North, 1990; Harper et al., 2012). They then can potentially affect the interpretations that are politically, economically and socially derived. This then makes up the recurring patterns of human behaviour (Huntington, 1965). Here, social agents rationalise their individual experiences by creating, diffusing, adopting, adapting and declining certain behaviours. Social agents create socially acceptable and shared constructs (Leeds-Hurwitz, 2009) and their mental structures become schemes, rules and norms for their social behaviour (Scott, 1994, 1995, 2008). The data collection will aim to elicit the socially acceptable concepts and constructs concerning the notion of entrepreneurship and the process of becoming an entrepreneur. It will look at the extent to which institutional behaviour impacts the individual behaviour of Kuwaiti youth as social agents. However, all these have to be seen in practice after the research data collection has been conducted, where new codes of interpretation will be created in order to make sense of the data. Just how such schemes, rules and norms are played out will be looked at in detail. The aim will also be to elicit and reveal how things have emerged and changed over the years leading to a change in codes and interpretations concerning this phenomenon.

4.3.1. Selection of Research Interviewees

Selecting interviewees for qualitative research is focused on appropriateness (Patton, 2002; DiCicco-Bloom and Crabtree, 2006), purpose and access to

good information, rather than representative, random or probability sampling. Therefore, the selection of participants was based on purposive selection. In this procedure, the researcher purposely selected certain individuals and published data for the exploration. The purposive selecting method is a good tool to use to overcome the challenge of conducting research on a phenomenon that has not been investigated before. It also supports an exploratory and qualitative style of research (Kvale and Brinkmann, 2008). Participants for the interviews were carefully selected based on the non-random statistical sample strategy. Hence, participants were selected because of the manifestation of their experience to elaborate and explore the research phenomena (Patton, 2002).

Thus, two purposeful selecting techniques were used in the research subject selection, critical case selecting and selective sampling, in order to obtain a desirable sample size (Patton, 2002) (see Table 4).

Table 4: Purposeful Sample Strategies for Selecting Interview Participants

Selecting strategy	Description	Examples
Critical case selecting	Selection of participants who are rich in information because they specialise in the area of exploration.	Who have already become entrepreneurs.
Selective sampling	Selecting participants based on an initial set of criteria important to the study.	Young people with entrepreneurial intentions and/or actions.

Source: Patton (2002); Miles and Huberman (1994)

The interviews, therefore, were held with young people with entrepreneurial intentions and those who had already become entrepreneurs:

- ***Young people who are intending to become entrepreneurs***, aged between 18 to 35 years old, who were considering establishing a business of their own or becoming entrepreneurs. Their main features are hidden characteristics, which basically involve thinking about entrepreneurship without taking any action. In this case, intending entrepreneurs fell into two different types of people: subject A thought about a specific business idea, yet subject B thought about not working within a conventional eight to two job, but rather establishing a business. The difference between the two subjects is that subject A had a specific idea of the line of business in his mind, yet was undecided. On the other hand, subject B wanted to pursue entrepreneurship as a career without caring what line of business they would be involved in.

Also, those aged between 18 to 35 years old, who took actions to start their own business or to become entrepreneurs. These actions varied; some entrepreneurs made attempts, such as: attending seminars or courses in soft managerial skills, inquiring about information on business licensing or the interest rates for business loans. Others took more serious actions, such as: securing financial resources with bank loans or loans from their relatives or close friends, arranging for a business licence, or developing a business plan to attract investors. Whether it is a humble or serious attempt, it does not reach the standard of actual entrepreneurship because there is still no real business establishment that has occurred. These attempts should not exceed three years at a time.

- Furthermore, ***young people*** who had already become entrepreneurs aged between 18 and 35 years old that had already established their own business regardless of its success. With experience in converting their thinking and developing their business ideas into becoming a real business, they had gone through a whole entrepreneurial process. For example, as defined in this case, the process of converting a young person into an intending entrepreneur, then into an actual entrepreneur. By already establishing a business, this proves they passed the entrepreneurial process.

The government is targeting the youth of Kuwait, aged 18 to 35 years old, and with a minimum qualification at high school level. This qualifies them to have a job in the public sector, which further encourages them to become involved in entrepreneurship. Participants were male or female Kuwaitis, aged between 18 and 35, and their minimum education level was high school. Table 5 below summarises the targeted groups that participated in the research data collection, i.e. interviews.

Table 5: Summary of Targeted Interview Groups

Interviewee Group	Definition	Criteria of selection
Intending Entrepreneurs	Individuals who have strong intentions or seriously think about becoming entrepreneurs. Or individuals who have taken actions in their decision to become entrepreneurs.	<ul style="list-style-type: none"> • 18 to 35 years old • Kuwaiti male or female • Finished at least his/her high school and qualified or already have a job in public or private sector
Actual Entrepreneurs	Individuals who own a business.	<ul style="list-style-type: none"> • 18 to 35 years old • Kuwaiti male or female • Finished at least his/her high school and qualified or already have a job in public or private sector

Those with entrepreneurial intentions were hard to come across because of their thinking stage and nothing being visible to guide the researcher. Hence, these features are hidden within a person making them hard to identify. One of the sources was social networks, through which the researcher used his social connections to discover if there were any young people who were interested or involved in the entrepreneurial process. Another source of gaining these entrepreneurs is through entrepreneurship organisations, for example, MGRP, SBFK or IBK hold records for people who are interested in completing training courses or a consultancy on how to open their own business. Therefore, from this list, candidates were contacted and classified into two groups: whether they

already ran a business, or, whether they had started taking actions to start up a business. The individuals who were still thinking about establishing a business were referred to and interviewed as intending entrepreneurs. The individuals who had already taken actions to establish a business were interviewed. The individuals who already owned their own business were interviewed as actual entrepreneurs.

4.3.2. Interviewees

The total number of subjects was 33, who provided quality responses, as presented in Table 6.

Table 6: Interview Groups

Interview Groups	Size
Intending Entrepreneurs	18
Actual Entrepreneurs	15

Table 6 shows the interview groups to whom the research questions were asked (DiCicco-Bloom and Crabtree, 2006). After the data collection process was completed, and after excluding a number of poor quality interviews, a total of 33 interviews were used in the analysis. Eighteen participants were interviewed as entrepreneurs; 15 participants were interviewed as actual entrepreneurs. Table 7 provides details of the research subjects involved in detailed prolonged interviews in this research.

Table 7: Research Subjects

Categorisation	Mock Names	Age Group	Gender	Education Level	Profession	Government Training
Non-Entrepreneurs	Ahmed	25-34	Male	Bachelor Degree	Public Sector	None
	Faisal	25-34	Male	Bachelor Degree	Private Sector	None
	Ali	25-34	Male	Bachelor Degree	Private Sector	None
	Wafaa	25-34	Female	Bachelor Degree	Private Sector	None
	Fatima	25-34	Female	Bachelor Degree	Public Sector	None
	Jasem	18-24	Male	High School/UNI	Student	None
	Salih	18-24	Male	High School/UNI	Student	None
	Waled	18-24	Male	High School/UNI	Student	None
	Hessa	18-24	Female	High School/UNI	Student	None
	Noura	18-24	Female	High School/UNI	Student	None
	Tariq	18-24	Male	High School/UNI	Student	Yes
	Khalid	25-34	Male	Bachelor Degree	Public Sector	Yes
	Mohamed	18-24	Male	High School/UNI	Student	None
	Amna	25-34	Female	Bachelor Degree	Non-employee	Yes
	Lila	18-24	Female	High School/UNI	Student	None
	Fouz	18-24	Female	High School/UNI	Student	Yes
	Sheikha	25-34	Female	Bachelor Degree	Public Sector	None
	Hassan	25-34	Male	Bachelor Degree	Privet Sector	None
Actual-Entrepreneurs	Dana	25-34	Female	Bachelor Degree	Public Sector	None
	Huda	25-34	Female	High School	Business Owner	None
	Hamza	25-34	Male	Bachelor Degree	Public Sector	None
	Alaa	25-34	Female	Bachelor Degree	Business Owner	Yes
	Maryam	25-34	Female	High School	Public Sector	None
	Jaber	18-24	Male	High School	Student	None
	Dawood	18-24	Male	High School	Public Sector	Yes
	Taiba	25-34	Female	Bachelor Degree	Public Sector	Yes
	Bader	25-34	Male	Bachelor Degree	Public Sector	Yes
	Osama	25-34	Male	High School	Business Owner	None
	Najla	18-24	Female	High School	Public Sector	Yes
	Fahad	25-34	Male	Bachelor Degree	Privet Sector	None
	Sabika	25-34	Female	Bachelor Degree	Business Owner	None
	Aysha	18-24	Female	High School	Student	None
	Hamad	25-34	Male	Bachelor Degree	Business Owner	None

Table 7 shows that interviewees were selected based up their age, gender, educational level, family type, current employment/engagement and attendance of government programme to generate more detailed insights.

4.4. Data Analysis

As noted, a social constructionist stance is adopted in order to make sense of how formal and informal institutions influence the entrepreneurial intentions and actions of Kuwaiti youth. Hence, during the analysis of this study, the thematic analysis will be used in relation to interpreting the meanings showing a link between institutions and their impact on entrepreneurship. According to Daymon and Holloway (2010), it is suitable for identifying patterns and themes in descriptive data in the form of narratives and statements, bringing order, structure and meaning to the mass of collected data (Marshall and Rossman, 1995). Thematic analysis further makes it possible to organise significant statements related to the study into structured themes and clusters. The research subjects' narratives or explanations will be interpreted and, where appropriate, will be provided in quotes in making sense of the mental structures.

Data reduction refers to the process of selecting and simplifying the data that appears within the interview transcripts. Hence, the data received through the interviews analysed and interpreted in relation to mental structures, meaning, notions and connotations how the social reality was driven by values and beliefs and shared assumptions. At this stage, the researcher generates categories and defines themes of the interview content. This is done through identifying

unrelated statements or statements with unclear meanings. Therefore, the interview analysis process will start with the transcription of the interview, which is followed by the coding process for the transcript content and finally analysing the findings (Easterby-Smith et al., 2012). The main objective of the analysis is to divide and break down complex descriptive data into meaningful and understandable significant statements (Ghauri and Gronberg, 2005). This will entail representing the points of view of Kuwaiti youth, sharing their experience, journeys and viewpoints. The impact of different institutions upon their intention will be exposed, using narratives and quotes.

In order to analyse the data manually and keep the whole process as productive as possible, all interviews were recorded. If any interviewee objected to the audio recording process, data was gathered in written form and then typed. The aim is to see how social agents comply with institutional requirements, order their lives and seek legitimacy for their behaviour.

4.4.1. Interview Transcription and Translation

The transcription process was a time-consuming task and the researcher needed to adapt a strategy for the transcribing process, which started immediately after the interview. Transcription is the process through which the researcher transcribes the taped interviews into written form. The researcher followed the recommendations of scholars (Wengraf, 2001; McLellan et al., 2003; Brinkmann, 2014) in regards to transcribing the interview content. In the first phase, the researcher listened to the recorded interviews with the purpose of familiarising themselves with the content, evoking memory and taking short

notes for every interview before the transcription process. Later on, the actual transcription process started by listening to the audio conversation and typing it into word processing software. Thereafter, when the interview transcript was finalised, the researcher listened to the interview for the last time, and double-checked what had been produced in order to ensure nothing was missed during the transcription process.

An independent individual was then asked to listen to the audiotape and follow the transcript in order to ensure the accuracy of the transcript. Finally, the transcripts were sent to the interviewees in order to verify the content of the transcript and to make necessary changes, if any.

Language boundary is an inherent part of research. Thus, producing full equivalence of the Arabic text into English presents major difficulties to translators (Bahameed, 2008). Translation theorists (Abd-Alla and Abu-Risha, 2008) have noted many barriers in relation to intercultural translation. This implies that translation between languages of different cultures is more difficult than carrying out translation between languages that are culturally similar due to the untranslatability of culture-specific expressions (Bahameed, 2008). Untranslatability refers to areas where intercultural equivalence does not exist (Abd-Alla and Abu-Risha, 2008). Therefore, in some cases the Arab translator may find certain words in Arabic have no equivalent in English, because the concepts they refer to do not exist in English-speaking cultures.

Hence, a meaning-based approach for translations was used, as advocated by a cultural anthropologist and a number of human research scholars (Chapman et al., 2004). To overcome translation obstacles, the researcher took into

account the recommendation of Arabic linguistics scholars (Abd-Alla and Abu-Risha, 2008), avoiding translating the interview transcripts word by word, but rather focusing on translating the *meaning* of the Arabic text into English. Caution was taken with regards to a careful use of well-formed structures to write sentences that were grammatically correct as well as semantically correct, to keep the integrity of the meaning of the translated text.

4.4.2. Coding Process

The data will be interpreted and encoded in order to help in focusing on social institutional constraints, entrepreneurial intention and action of Kuwaiti youth and answer the research question that aims to expose how institutions affect entrepreneurial intentions and action among Kuwaiti youth. It aims to explain the role played by (particular) institutions in influencing Kuwaiti youth to formulate an entrepreneurial intention. It also aims to expose the role played by particular institutions in assisting Kuwait youth to develop ideas and plans and bring them into existence through their action.

According to scholars in qualitative research analysis (Boyatzis, 1998; Kvale and Brinkmann, 2008; Bryman and Bell, 2014) the research carried out the coding process as follows:

1. A careful read of the transcripts several times and notes made on each transcript labelling relevant words, phrases, sentences or sections. These labels included actions, activities, concepts, differences, opinions, processes or anything relevant or linked to the subject research generally. These labels are served as codes to separate and organise the qualitative data. The coding process of qualitative data, according to

Miles and Huberman (1994), focuses on an open and axial coding process.

2. After coding all transcripts, revisiting and reading all codes created in the previous step, new codes were created by combining two or more codes, in which new categories were created (hereafter subthemes or themes). These themes do not have to be of the same type, they can include objects, processes, differences or subjects, etc. By the end of this step, the data collected is conceptualised. Themes are then connected depending on whether there is a relationship between them; this connection should be described and justified. The subthemes are grouped under main themes, and themes are grouped under clusters. An example for the coding process outcome is provided in Appendix G.

4.5. Ethical Considerations

The interview data was kept in audio format and was stored on audiotapes. Later, the researcher transcribed the data into a written document for the purpose of analysis. The interviews did not request or record any personal information about the age, gender, race, ethnicity, political views and opinions, religious beliefs or sexual orientation of the participants. No information was collected about personal issues connected to anyone that works for the organisation of the participant or of the organisations that are related to the organisation of the participant. No commercially sensitive information was requested or recorded in the interviews. For further instructions and/or procedures that apply to this study, refer to Appendix C: Ethical Considerations.

4.6. Conclusion

This chapter explains the approach adopted for undertaking this primary research, where it states the use of the qualitative research methodology along with the use of the social constructionist approach for data collection in order to gain rich insights. The chapter outlined how the data will be collected and then analysed to work out meanings, notions and connotations resulting from formal and informal Kuwaiti institutions. Furthermore, the chapter detailed how the participants were selected, ranging from those who intended to start business ventures, to those that ventured or actually ran a business. The next chapter will present the results and findings emerging from this research.

CHAPTER FIVE: RESULTS

5.1. Chapter Introduction

This chapter presents the analysis of how formal and informal institutions influence the entrepreneurial intentions and actions of Kuwaiti youth. This chapter will present findings resulting from the analysis, where the meaning, notions and connotations relevant to the impact of informal and formal institutions on intending and actual entrepreneurs are looked at from a social constructionist perspective and a sense is made of their social purpose. The social reality driving the entrepreneurial assumptions of intending and actual entrepreneurs is focused upon, hence, during the analysis of this study, the analysis will be used in relation to showing a link between institutions and their impact on entrepreneurship.

The structure of the chapter is organised to present the impact of informal and formal institutions on (1) intending entrepreneurs with intentions (and actions) to set up a business, (2) actual entrepreneurs with intentions and actions to set up a business, and (3) comparison showing the similarities and differences between intending and actual entrepreneurs resulting from informal and formal institutions in the third section.

5.2. Impact of Informal and Formal Institutions on Intending Entrepreneurs with Intentions and Actions to Start Up a Business

This section presents three informal institutions that emerged from the data and have an effect on the entrepreneurial process. These are: (1) business families,

(2) working families, and (3) society and Wassita. Entrepreneurial 'behaviour' is described in relation to these informal institutions, while exposing how they encourage and constrain such moves.

5.2.1. Informal Institutions

5.2.1.1. Kuwaiti Families

Most young people attach significant importance to the role of their family, on the basis on which many suppressed their desire to enter the entrepreneurial process and reported some ways their parents used to discourage them from becoming entrepreneurs as a mechanism. They also illustrated three reactions they experienced in dealing with their families' negative influences and lack of legitimacy. Kuwaiti families have always wanted to direct their children and young members of the family into a career within the public sector as a norm (normative and rationalised individual behaviour). On the other hand, some young people want to become entrepreneurs and they react to manage their families' opinions.

The first reaction was to quit the entrepreneurial process, the second reaction was to hide their intentions, and the third reaction was to formulate their intentions to become an entrepreneur even more strongly. In families, parents often impose or choose the future career for their child as the norm, or as they deem appropriate, which then fulfils their satisfaction and blessing towards an appropriate career. For example, if the son or the daughter wants to be entrepreneur, parents may become hostile or upset and will not forgive their choice to become an entrepreneur. Ahmed said:

“The moment I suggested my intention to become a businessman to my dad, his face changed to red and he said: ‘Are you serious? Enough games and playing around, concentrate on your studies and do something positive with your life; graduate, find a job, have a family and don’t think about rubbish things, if you want my blessing’. At that moment I remembered my uncle’s failure story, as his business went into bankruptcy and he became dependent on his brothers and sisters for help”. (Ahmed)

Although Ahmed, Ali and Waleed held onto their intentions and ideas toward entrepreneurship, other young people, because of their families’ negative influence on them not becoming involved in any entrepreneurial activity, gave up this stage.

The family’s resistance and discouragement continues, as a shared belief and logic in society. Participants shared their experiences of how their families tried to convince them to give up the entrepreneurial process in a coercive way. One of the attempts the families undertook was to convince their family members that the entrepreneurial process is a waste of time and money, and they should concentrate more on important issues, such as getting a job and establishing a family in a mimetic way. The trick with this approach is trying to draw their family members in emotionally and to express their desire to see their grandchildren, which is a binding expectation. Ali said:

“My father said to me: ‘Do not waste your time and money on running your own business, you have a good job now, start to establish your family rather than doing something that you can’t be confident in its success, my son I want to see your son’s’”.
(Ali)

The pressure will be greater if the intending entrepreneur is not yet employed as their family will force their members first to focus on getting a government job and concentrate on everything else later using unemployment as an instrument.

Another method of influence that the families resort to is to refuse to give any help to the intending entrepreneurs in starting the business, which is known as absence of expedience. This could be shown by not helping financially or not permitting social connections to get involved; in other words, they would block a Wassita from being used. For example, one of the family's connections that could ease the business registration procedure would be blocked from the intending entrepreneur so they would not be able to take advantage of him.

Waleed said:

“I remember when I was trying to register my business, I asked my father for help as well as a Wassita to issue the licence. However, he refused and said: ‘If I want to get it for you I can; but I do not think you can do it now, it is better for you to have a job first, secure your future, and then do what you want’. This was more than two years ago, now I am busy with my job and family and I do not have time to establish the business I want”.
(Waleed)

Waleed's account reveals the strong influence his parents had in making the procedure more difficult for him as an intending entrepreneur. To the young intending entrepreneurs, this is clearly experienced as discouragement from continuing within the intending stage. Sometimes the family influence works and this can make their members reconsider their aim in life and feel hesitant about the entrepreneurial process.

One more view that transpired amongst the participants when responding to their families' resistance towards the entrepreneurial process was to actually hide their involvement within the entrepreneurial process, to avoid sanctioning. Fatima, Jasem and Hessa portrayed that they were exposed to family rejection in relation to their decision. However, they continued passing through the entrepreneurial process in a secretive way. For example, Jasem said:

"I always kept my thoughts about the idea of establishing my own business from my family, as I knew they would not support the idea. This soon turned out to be true; the moment I discussed the matter with my father he rejected the idea and tried many times to convince me to change my mind. He always said to me that I could not do it because I did not have the ability to do it. But let's say I have a stubborn attitude and I still want to establish my business. There is a thing in my mind that my family will not understand, I want to achieve things in this life but, unfortunately, they do not believe in me. One day I will show my family that I am capable of doing it and they will be proud of me". (Jasem)

To avoid any such hostile orthodoxy and disputes or stop the discouraging statements or comments, young native Kuwaitis sometimes keep their intentions and thoughts of being entrepreneurs, to themselves, which does not help a country to move toward entrepreneurial culture.

On the other hand, Faisal, Wafaa and Salih freed themselves from their families' influences and dared to declare their intentions in order to become entrepreneurs. Wafaa said:

“Although I have a lot of pressure put on me to give up my business idea, I decide my future career, not them, but I do still respect my family and their wishes”. (Wafaa)

These participants are independent from their families’ influences and are determined to achieve their goals to become entrepreneurs so they do not follow the norm and coercion. They are not hesitant in declaring their intentions towards the intending stage even if their family influence is huge.

Amna and Hassan tried to mediate their position and give their families what they wanted, for example, Hassan said:

“I chose this private firm for two reasons, first to stop my parents nagging me about having a job, and second to help me accomplish my aim to start up a business”. (Hassan)

These young people became weak minded in the face of their families’ influences, as a binding expectation, but they still continue with the intending stage. By having a job, they are obeying their families’ wishes but at the same time, they are still taking actions to start up their business. Being morally driven, they avoid their families’ rejection and make their families happy.

On the other hand, some intending entrepreneurs think they are in a good position because they are not yet married and still have nothing to lose if they try to start up their business. They also feel that they are somehow secure financially due to the wages they have, meaning there is no harm in continuing in the intending stages. Khaled said:

“In the beginning, I faced resistance from my family and the discouragement had reached its optimum. But I made up my mind and decided to establish the business. I am not married yet so if I do not succeed it will not affect anyone except myself. Yes, I will lose money but money comes and goes and I have a job so I don't think I will lose anything if I try”. (Khalid)

Due to Kuwaiti and Islamic culture, family and society norms have a special stature in young native Kuwaitis' minds and souls. In addition, families support public jobs and stand against the entrepreneur process, therefore, they are influencing their children's career choice in that direction. Some young intending entrepreneurs obeyed their families and refuted the entrepreneurial process. Others hid their intention to be involved in the process to protect themselves from their families' influence. On the other hand, some intending entrepreneurs declared their intention and faced a major challenge, not because they do not value family or their culture, but are helped by their determination and need for achievement and they believe that they can eventually gain their families' blessing by showing them they managed to become a successful businessman/woman. Nevertheless, the role of social regulative rules, norms and shared logical interpretations has an immense impact on them.

Families still have an influence on their members' decisions in becoming intending entrepreneurs and will try and use relevant instruments and mechanisms to discourage their members from entering the entrepreneurial process and focus more on the cycle of life as an orthodox norm. However, the resistance from the intending entrepreneurs became more solid. They insisted on continuing the entrepreneurial process armed with determination and the need for achievement. In some cases, intending entrepreneurs could be

affected by their families' influences and therefore they took precautions such as getting a government job first then continuing with the intending entrepreneurship stage. In addition, they do not commit themselves to marriage as a common belief and shared logic to settle down, so there will not be any obstacles such as family responsibilities and they are able to take the risk alone.

However, for most intending entrepreneurs, there is still a need for achievement, determination and independency as these are the main drivers for them to resist their families' negative influences towards the entrepreneurial process. These intending entrepreneurs face a significant amount of pressure from their families to discontinue the process, however, they insist on continuing. Lila said:

"I want to prove to them that I have done the right thing and I will make them proud of me". (Lila)

One of the other reasons is that they want to show their families that they are eligible to continue the entrepreneurial process and achieve something in their life. They believe that if they succeed in this, they will make their families proud.

Faisal, Wafaa, Amna and Hassan revealed their reasons behind intending to become entrepreneurs; one being that they wanted to accomplish their life goal: building their own business legacy. Amna said:

"The reason behind thinking about establishing the business was that I wanted to establish my own business legacy". (Amna)

This goal grows within intending entrepreneurs because they want to be like business families and they do not want to relive their families' experience: normal lives, full of routine. Other participants also gave examples of the goals they wanted to achieve in their lives, some included: wanting to generate prosperity as they feel that public salaries are not enough, or they want to be financially secure after retirement. However, others just want to have another source of income. Despite the different motives and goals they want to achieve in their life, most of these participants have a need to achieve something. This makes them think about running a business or having the intention to become involved within entrepreneurship. Fatima said:

“Because I really want to achieve my goals, I keep thinking about the business and how I will achieve my goals through that business”. (Fatima)

Hence, most of the participants expressed in their interview that they do have, and entertain the need for, achievement, hence the need for better recognition within their community. Furthermore, they emphasise the role of this character trait, that it acts like a driving force for them to think about a business idea or to have the intention to enter the entrepreneurial process. Their statements suggested that one of the main reasons behind becoming intending entrepreneurs is the need for achievement. Salih commented as follows in the interview when the need for achievement was discussed:

“Whatever you want to call it, this is what made me think of my business idea”. (Salih)

In addition, they believe that if young native Kuwaitis want to become entrepreneurs they should have the need for achievement. Wafaa said:

“Need for achievement is a very important quality for young native Kuwaitis, if they do not have it I don’t think they will be able to become businessmen”. (Wafaa)

They also feel that a lack of need for achievement will lead to young people not entering the entrepreneurial process. Hence, the intending entrepreneurs group of participants stated and clearly illustrated in their interviews that need for achievement or recognition is a very important quality for young Kuwaitis.

Participants in this stage illustrated that one of the motives that drives them to take action and start up their business is their need to accomplish their life goal, which is similar to the goals intending entrepreneurs have, i.e. generating wealth, having another income, building their own legacy. Sheikha said:

“I’m doing what I’m doing because I have goals I want to achieve in my life”. (Sheikha)

Intending entrepreneurs show in their interviews that they also have a need for high achievement. They also believe that this quality helps them overcome the challenges that they face when starting up their businesses. For them this quality drives them to progress into the intending stage. Mohamed said:

“I am self-motivated, ambitious, determined and want to achieve my life goal; this is what keeps me fighting to start my business”. (Mohamed)

Along with this quality, being self-motivated, having an ambition and being determined helped the intending entrepreneurs to face many regulative, normative and cognitive challenges in starting up their business. These challenges are not limited to business licensing difficulties, they also include their families' rejection of the entrepreneurial process, the business families' market manipulation and securing access to finance for their business. On the other hand, they suggest what is expected to happen if the intending entrepreneurs do not entertain the need for achievement. Fouz said:

“I know some people that gave up their business when they started up because they have an unclear goal about what they want to achieve. Basically they are resting themselves from complicated matters like establishing a business”. (Fouz)

Intending entrepreneurs believe that not having a goal, or not being sure about what they want, could demolish the need for achievement, which could then lead to the entrepreneur leaving the entrepreneurial process. Therefore, they believe that this quality is essential for intending entrepreneurs.

Most participants in the intending entrepreneurs group provided evidence that the need for achievement is a key element for them to continue in the intending stage. They suggest that it is one of the things they count on to overcome challenges and obstacles in starting up a business. The need for achievement energises the participants to continue the stage and gives them the motivation to start up a business. They believe those who lack this need for achievement could remove themselves from the entrepreneurship process. They also believe that the reason behind young native Kuwaitis not being involved in entrepreneurship is that they do not have a dream or a goal to aim for.

Therefore, the need for achievement has a positive influence on the intending entrepreneurship stage; young native Kuwaitis who lack this need for achievement may quit the entrepreneurial process.

The findings related to the intending entrepreneurs group also show a notable number of participants who believe that they are part of a social system, which contains relatives and friends, which they feel they cannot abandon or distance themselves from. Hence, all their actions and deeds must be acceptable by the social system that entails social obligations. Furthermore, if a person is against or contradicts the social system, the final decision will be in favour of, and by, the system. Hence, in the majority of circumstances, this may lead to the delay or hesitation of participants in making life-changing decisions. In other words, some intending entrepreneurs show their total confidence for people who influence and allow them to interfere in their important decisions. For example, Nora said:

“I know that I have a good business idea, but I always question myself whether it will work or not. That’s why I still discuss it with my husband and my family. Their opinion is very important for me. I would not do it if they didn’t agree with it, I need their help to do it”. (Nora)

This participant, like many, thinks that possessing a simple business idea should be dependent on their families’ support in achieving this business idea. For some reason, it is thought that the best way to run a business is by having their relatives’ support and help, hence, there is a high need for sanctioning of others. Using the same mentality, Waleed said:

“I really care about what other people say; I always consult the older generation with regards to my decisions, from this I would do things from the beginning if I could progress from others’ experiences. We are living with people and living for people”.
(Waleed)

Ahmed, Ali, Nora and Waleed believe that relatives belong to the group that people could benefit from, and therefore they think that they should adhere to advice from those people in which they allow this advice to influence their life actions.

Alternatively, the findings demonstrate that Tariq, Khalid, Mohamed and Hassan from the intending entrepreneurs group do have some kind of independency from other people’s influences as a basis for compliance. These participants emphasise the role of family, friends and other people in an individual’s life; they describe family and friends as an important asset for a person, which they can utilise if needed in different aspects of life. For them, family, friends or other people are a source of guidance, moral support and/or material support. At the same time, participants empathised that if family, friends or other people cannot provide the required support, they will not pause the process but they will proceed to do whatever is required to execute the event. Therefore, participants indicated in their statements that they have control over their life events by showing their independence from other people. The following evidence provides an example of what these participants suggest. For instance, Hassan said:

“Of course, family and friends are very important in a person’s life; they can guide him, support him and help him through difficult times. It would be great if you had people to help you through the business, and I hope they will, but if they couldn’t or

did not want to help, you would not put your hand on your cheek and wait for them, no, no, just move on and do something and you will get what you want...” (Hassan)

Also, one of the life aspects the participants specified in their statements is the assistance they can receive from family and friends as entrepreneurs to establish their businesses, in the form of social obligation. They would be grateful for any help from their family or friends, however, they are also willing to establish their businesses even if there is no one to encourage them. Mohamed said:

“I can describe myself as an independent person, and I do not allow other people to interfere in taking important decisions in my life, I do consult them but at the end of the day it is my decision”. (Mohamed)

Likewise, Amna, Lila, Fouz and Sheikha portray themselves as independent in making important decisions. They see other people’s advice as a privilege that they may use to make better decisions. These participants present the majority’s view, who did not deny the benefits they receive from the social systems’ help, but they describe them as a support tool that will help them to make better decisions or take better actions. The decision is held by the participant, not the social system, which means they will not impose on any decision the participants make.

Most subjects in the intending entrepreneurs group expressed in their interviews that they are ‘independent’ from people’s influences and they hold control over their life events. Although they do respect and follow the societal system (the

need for legitimacy and recognition is still there) they also believe that to be independent and have their own control over life events is their sole right. Lila said:

“I do follow my family or my tribe, but only to a limit. I am a person who has the decisions and actions in my own hands”.
(Lila)

Young people are raised to be respectful and appreciate the older generation. The parents also promote the principle of cooperation between one family and the cooperation between the members of the tribe in order to strengthen the social bonds between the family and its tribe. Hence, a regulative and normative path is followed and an obedience to their senior leaders or family leaders gives the tribe the strength and compatibility in Kuwaiti society. Some of the entrepreneurs integrate this style into their family traditions, in order to become dependent on the family and the tribe. Other entrepreneurs took it as a value of culture and not something intended to interfere with their independence.

Participants described in their interviews that they are ‘independent’, determined and make their own decisions. This is an emergent change in the family as an informal institution. One of the decisions they took was to start up their business. They stated that they will continue to progress through this process despite the lack of help provided by the social system. For them, if the social system is supportive of them starting up their business then they will take advantage of it. However, if the social system is against the idea of establishing the business or disregards the effort put in by them, then it will not stop them from progressing. The entrepreneurs believe in their abilities and are determined to finish the process they started. Khalid said:

“I made my decision and I believe that someday I will be left alone with no help, and I believe that I can continue because I always rely on myself. Therefore, I started my business without any fear or hesitation”. (Khalid)

In addition, most participants have a shared understanding that young native Kuwaitis who want to start up a business must have control over their life events. On several occasions participants emphasised in their interviews that young native Kuwaitis should have independence and determination to become intending entrepreneurs. Without this, it would be extremely difficult for these young native Kuwaitis to become intending entrepreneurs. Tariq said:

“I think one of the qualities young native Kuwaitis should have when they start up the business is independency and determination. Without these qualities it will be extremely difficult for entrepreneurs to start their business”. (Tariq)

Entrepreneurs' independency plays a major role in the intending stage. It is essential for entrepreneurs to be independent from their families to continue into the intending stage. Entrepreneurs can hide their intentions and thoughts about a business from their families but cannot hide their actions. If they are not intending to be independent, they can still think about the business idea or have intentions to become involved in the entrepreneurial process but cannot act on it in case the family disapproves. However, if they are independent, they will act on their intention despite their families' disapproval. For the majority of the intending participants, the influence will have a minimal effect on their intending level. As a conclusion, families in Kuwait tend to be against the intending stage and try to influence their relatives not to become involved in it. This produces

more determination and independency amongst the intending entrepreneurs as well as the desire to achieve; otherwise, they will give up the entrepreneurial process.

Some young, native Kuwaitis, who are from a working family background, want to move towards the business family segment. This supports the belief of equality between society segments in having the right to choose their future career and formulates a life goal within young native Kuwaitis to be able to create their own legacy or accumulate prosperity. It also created doubt regarding the public sector's retirement future and the entrepreneurs wanting a better life than the same routine life their families had. This results in the need to create ambition within the young entrepreneurs and it motivates them to enter the entrepreneurial process. Intending entrepreneurs have a goal, an ambition or a desire to be business owners that transfer into a need for achievement. The intending stage becomes a test for an entrepreneur's solidarity of the motives and goals they want to achieve; if their need for achievement is weak or fake they cannot continue. Within this stage, in particular, they have a lot of challenges as mentioned previously, which may discourage them from continuing. The ones who progress to the actual stage are sure about their goals and are in the process of accomplishing them, which is supported by their need for achievement. Therefore, having a lack of this quality is likely to result in young native Kuwaitis quitting the entrepreneurial process.

One of the possible reasons for young entrepreneurs having independence is the way they have been raised or how they were educated. In the last decade Kuwaiti families have adopted self-reliance as one of the main principles in

educating their children as these families were very keen to see their children. The reason for families to adopt self-reliance is that they themselves were brought up with the same principle, or that it has become a reaction to a negative experience that occurred due to a lack of this specific value. Another possible reason for a young entrepreneur's independence may be due to an approach by professors, teachers or a special curriculum, which affected or strengthened the presence of that value.

The role of the family and society in educating their children and the role of the Islamic culture has the main influence on young, native Kuwaitis being respectful and valuing their social system, as a binding expectation. To a certain extent they tend to obey all system instructions and decisions, even if they concern their future careers. On the other hand, there are some young, native Kuwaitis who still respect and value the social system, however, they are independent and want to have control over their own life events.

On the other hand, most participants comment on luck and destiny and what this concept represents to them. Amna said:

"We do what we have to do, and we do our best, then the result is given by God". (Amna)

Most participants portrayed disbelief in the concept of luck and a belief in destiny. They do not believe that luck plays any role in their life events and what happens. They also believe that they should do everything they can in order to succeed. They are expected to do their best, whether the result they are waiting for comes within or beyond their expectations.

On the other hand, most participants from the same group also showed their faith in fate and destiny; they believe it is down to God and is inevitable. Any actions they take will be of their own free will. They believe that they have to work hard and be serious until they achieve what they set out to do. They perceive destiny and fate as a concept where they are required to work hard without demanding a result, due to their belief that God will secure their results. Hessa said:

“I do not like the idea of putting my fate in other people’s hands, a successful man makes his own fate”. (Hessa)

Most participants believe that destiny is a result of actions; they do not want the actions to be passed into the hands of others so they will not have to answer to anyone. For them, faith in destiny does not contradict the value of independence; on the contrary, it rather enhances it. In fact, both dependent and independent participants have faith in destiny. The reason behind the participants’ faith in destiny is due to their obedience of Islamic beliefs and Sharia. According to Muslim Sharia, believing in destiny and fate does not mean waiting to do nothing, but it encourages and instructs Muslims to work. In fact, it aims to make Muslims strive to improve their situation, and whatever result occurs after this occurs from God, and they should not object to it (Al-Din, 1977).

In addition, a number of participants in the intending entrepreneur group expressed how they believed in luck. Some of them considered themselves as lucky, whereas others considered themselves as unlucky. Some participants relied on luck to avoid difficult situations in their life and they believe that luck,

rather than taking actions rationally, is the solution for these situations. Nora said:

“I don’t see any relation between if I either have the ability to deal with unknown situations or not and with thinking about the business idea. In fact, let me first deal with completing my business idea, then worry about dealing with volatile or dynamic situations. I wish I could be lucky and not be in these situations ever”. (Nora)

Some participants wish for good luck to avoid some situations in life. Participants think that if they can be optimistic all the time it will act like a magnet for good luck, and this will give them a chance to become lucky and whatever they intend to do will be successful.

In addition, for the same reason, most of the intending entrepreneurs believe in fate and destiny. Others have their own belief system and believe in luck, and they hope to become lucky and become owners of a successful business. Hence, intending entrepreneurs have a combination of behaviours with regards to the locus of control. On one hand, some are independent and have control over their life events, whereas on the other hand, some are dependent and need other people’s assistance to control their life events.

5.2.1.2. Business Families

Business families take measures to protect their interests within the Kuwaiti market in a coercive way, which is fully sanctioned by the ruling family. This behaviour has its effect on the entrepreneurial process, which will be discussed in the next section.

Participants stated in their interviews that they had another perception towards societal segments than other young, native Kuwaitis. Although they do not deny the three segments of society – royal family, business families and working families – they do believe that working families should share business families when establishing a business. They think that the social divide between business and working families should be removed and the orthodoxy to be challenged, because they see it as a right for both families to enter each other's comfort zones and exchange careers. This type of career should not be exclusive to any family. In other words, business family members could include a professional working in the government, whereas a working family member could become a businessman. Faisal said:

“I respect the society segmentation has been in place since the early years in Kuwait and I do respect that ruling this state is exclusive to the royal family. However, I do have the right to be a businessman and it should not be exclusive to powerful business families”. (Faisal)

However, the research subjects still consider the royal family and their ruling rights over the state as exclusive and legitimate. They believe that it is time to impose equality amongst the rest of society. Recently, the young generation has become more interested in the state's political, societal and economic environment. Due to this the younger generation are now trying to change some of the old societal norms that Kuwaiti society and culture have been imposing for a long time.

Fatima said:

“There is nothing in the Kuwaiti law prohibiting someone to become a businessman or a business owner, the only rejection

for the concept comes from norms and business families. It is time to change the norms and impose equality between society members. It is my right within the constitution to choose what I want to do and how to do it". (Fatima)

On the other hand, they still feel that it is not an easy task to become an entrepreneur or a business owner without facing challenges from powerful business families. They are aware that manipulation of the Kuwaiti market is one of the roles that business families play within professions to protect their interests. Ahmed said:

"I know it will not be an easy task to be a business owner; it is like a small fish swimming between sharks – 'Hamoors'. These Hamoors do not leave anything in the Kuwaiti market that small businessmen can trade with. Manipulation is their game and we have to be careful, cautious and smart in dealing with this type of situation". (Ahmed)

Participants in the same group have the same definition for higher ranking businessmen who control the rules of the game in the Kuwaiti market, which can also be referred to as Hamoor. These Hamoors can swallow any 'small fish' entrepreneur whenever they want, take over their business, or constrain it or make sure it will fail so that the market is secure for them. Therefore, these intending entrepreneurs feel that they should be careful and cautious with their thinking and actions in the protection of their business from these Hamoors. Nora said:

"At the end of the day, for me the whole matter is just an obsession, in reality, nothing has actually happened yet. I hope it stays like this, but I did not face any challenge from any

business families or have negative experiences from a direct contact. Again, this let me focus on the business idea". (Nora)

Still being in this situation, young, native Kuwaitis believe in equal rights opportunities underpinned by rules, laws and sanctions. Where the business families do not have the right to rule the Kuwaiti market forever, they still become involved in the intending stage. They describe it as just an obsession for them even though they do not have any direct contact or become exposed to powerful businessmen's challenges.

Participants in the intending entrepreneurs group provided evidence that they have had some indirect and direct contact with business families, however, they state that it was a negative experience. Although these participants respect the norm that business families want to keep their interests in the Kuwaiti market safe and healthy, they do not accept the way the business families continue to manipulate them. Tariq said:

"I respect the way the business families are protecting their interests and businesses in Kuwait, but I do not accept the way they manipulate the market for their own benefit and limit the benefits for other entrepreneurs. For example, it took me seven months for me to be issued my business licence, for my friend who is from well-known within a business family it took only a couple of days. The strange thing is it's the same type of business, this shows the influence these people have". (Tariq)

Participants are able to physically see the significant influence that business families have over the business environment in Kuwait. They believe that there

is a strong manipulation that affects their actions and makes it more difficult for them to establish a business. They are aware of the challenges and obstacles that business families put in place for them and they consider these families as a threat. These participants try to take precautions and actions to protect their business ideas, especially if they believe that there is no system to protect or support them. They believe business families control most entrepreneurship organisations in the state; therefore, they believe that they will lose their case if they end up losing their business. Sheikha said:

“I have to protect my business idea and be cautious that the powerful families do not steal it, because if they do I will never be able to retrieve it. There is no clear procedure or real activation for intellectual rights in Kuwait, besides these families are controlling most of the organisations that are related to business in Kuwait, like banks, ministries, you name it”.
(Sheikha)

Furthermore, participants also feel the aggressiveness in the behaviour that business families have towards entrepreneurs who are not from a business family. They believe that these families work as a group in order to circulate the business area and do not allow any outsider to have the opportunity to enter this business circle, which has regulative rule. The business families also make sure that they secure any valuable opportunities that are available outside of their circle, and bring them within the circle by any means possible. They do not care if this involves procedures that are not ethical, like buying a business from the owner, or, in an unethical situation, by stealing it. Fouz said:

“I know that business families will not allow any business opportunity to spill out from their hands, I do not know if my business idea will be attractive to them and they will try to

capture it from me. But I believe if this business idea will generate cash money then they will definitely be interested and they will do whatever they can to gain it, even if they take it without my permission". (Fouz)

Amna said:

"They stole my business idea in front of my eyes and when I said it was mine they told me it only looks like yours". (Amna)

They believe that these families will acquire any successful business from the entrepreneurs' hands even if it is just an idea. The business idea that becomes a business plan can be stolen when asking for capital to start the business from a financial firm. However, business families own most of these financial firms which makes it easy to capture good business plans.

Participants in the intending entrepreneurs group stated that they take it for granted and they do respect that society segmentation still exists in the Kuwaiti society. They believe that the royal family has the right to rule the state, but they are against the concept of business families dominating the Kuwaiti market. They now believe in equality for all members of the society. They believe that anyone should be able to choose to become an entrepreneur and own a business – it is not exclusive to business families anymore. Therefore, young, native Kuwaitis who entertain such beliefs succeed by passing through the intending stage and becoming intending entrepreneurs, bearing in mind the fact that most of them were not yet exposed to or faced real challenges from any business family members. This helped with avoiding the effect of business families and making their lives easier. This may be due to their entrepreneurial quality that is still hidden in their minds and intentions. They still did not take any

action to execute their ideas or intentions, which may expose them to the area of powerful businessmen.

However, intending entrepreneurs have more friction with business families than actual entrepreneurs. They feel and experience the negative influence on their involvement in the intending stage. Participants provided evidence that business families are manipulating the Kuwaiti market to protect their own businesses. Also, they do not allow anyone to enter the business environment and they work as a group to control it. The business families are instrumentally involved in most of the government bodies (for legal sanctioning) and private sectors just to make sure that their interests are being served in a legitimate manner in order to help them to continue dominating the market. They show that it is hard to penetrate the Kuwaiti market without overcoming business families' challenges and manipulations. In summary, business families do affect the intending stage; unfortunately, the effect is negative on young, native Kuwaitis who want to become intending entrepreneurs. However, these young, native Kuwaitis, through their determination and need to achieve their goals, overcome these circumstances and manage to pass through the intending stage.

5.2.1.3. Wassita

Social contacts are crucial and amongst the most important contacts is the notion of 'Wassita' which means reference/endorsement/legitimacy/sanction. A lack of Wassita puts young people at a disadvantage within social life. They

consider it an asset that they should have due to the fact that the Kuwaiti community values a person with a good Wassita. Ali said:

“A Wassita is a very important asset that individuals have, in fact the Kuwaiti community is based around Wassitas. Everything is dependent on a Wassita. The community appreciates the person who has a powerful Wassita”. (Ali)

Most participants also expressed that not everyone in Kuwait has a Wassita or sanctioning; there are some individuals who lack a Wassita. This will weaken the individual's position if they want to achieve something within that community. However, they suggested that securing a Wassita does not have an effect on their decision to be involved in the entrepreneurial process. Salih said:

“I don't think an individual, even if they have a Wassita or not, will stop that individual in thinking about becoming an entrepreneur”. (Salih)

On the same subject, Faisal said:

“I know that I do not have a powerful Wassita, neither do my family, but this did not stop me from continuing to finish my business idea”. (Faisal)

Most participants in the intending entrepreneurs group appreciate the power of a Wassita or sanction in Kuwait, but they emphasise that it does not affect their thoughts or intentions to become entrepreneurs. Hence, this is an emerging trend and a change to the informal institutions of Kuwait.

Participants in the intending entrepreneurs group expressed in their interviews the important role of Wassita. When participants started the procedure of

applying for business licences, they felt that without using a Wassita it would be difficult to obtain the licence. Therefore, they tried to use their social networks to find a Wassita to ease the process or grant the business licence. It works as a shortcut and saves time, effort and sometimes money. Hassan said:

“I’ve tried to apply for the business licence by myself but it seems that no one can do this complicated and difficult requirement by themselves, so I asked my Wassita to help, and he did”. (Hassan)

As discussed in the business environment, being issued with a business licence (as a certification and accreditation to operate) is a very difficult procedure. One of the ways intending entrepreneurs were issued with their licence was through their Wassita, which they used to overcome this challenge. Those who do not have the Wassita may fail in being issued with the licence. Some participants also convey the same message: if individuals do not have a Wassita, they may stop applying for the licence and they may quit the entrepreneurial process completely. Another use for a Wassita is easing access to financial support (expedience), which will be discussed in detail later in the section. Therefore, participants in the intending group expressed that they are trying to secure a Wassita so it will ease the process of being issued the licence, which is important in the early stages of starting a business. Also, a Wassita plays a big part in clearing access to financial support.

Furthermore, participants have started to sense the importance of Wassita, so they try to keep themselves secure. They show their tendency to secure a social network to not only overcome the business environment’s formal

institutions, like business licences and access to finance procedures, but also for business networks that develop out of the business. Mohamed said:

“As I start to establish my business I was also needed to search for a social network that I know I will need to benefit from in my business”. (Mohamed)

This participant values the social network in a way that will, in the future, open closed doors. For example, social networks will allow access for him to gain customers for his business. It also opens up access for important people in the government to do business with the ministries' project tenders. Participants in the group know that when they start a business they should also start to build their Wassita. If they fail to build the Wassita, they believe that their job will be difficult, if not impossible. Khaled said:

“As I am starting up my business I know I should build my social networks. Because I surely need it, without it, it will be difficult to continue in such a business”. (Khalid)

This participant expresses that he has a lack of social networks and Wassita. Without them, he feels that to continue in the intending stage would be difficult and may become impossible. This participant believes that he should build his social networks as soon as possible and make them as strong as possible.

Lack of a Wassita has no effect on the intending stage; the nature of the intending stage does not require any action and therefore no help is needed from a Wassita, so intending entrepreneurs are not keen to secure a Wassita at this point. However, intending and actual entrepreneurs normally deal with

formal and financial issues to start or run their businesses. Many challenges are faced due to the business environment. Therefore, the entrepreneurs use their Wassita to overcome these challenges. This leads them to believe more in the role of the Wassita and how much help they can get from it. Therefore, they start to build up or develop their social network, which secures them more Wassitas. Lack of a Wassita in the second stage is very dangerous. In some cases, it forces intending and actual entrepreneurs to give up the process. The reason behind this is that the Kuwaiti society and business community is built on Wassitas and plays a major role within it.

The next section will focus on the formal institutions and their influence on the entrepreneurial intentions of Kuwaiti youth.

5.2.2. Formal Institutions

Three formal institutions affecting entrepreneurs are welfare state representation in public sector jobs, business registration procedures and formal finance; all have had an influence on the entrepreneurial process. Hereafter, how and why these subthemes have affected each stage will be discussed and also what the entrepreneurs have done to deal with these formal institutions to complete the entrepreneurial process.

5.2.2.1. Public Jobs (Welfare State)

Kuwait became a welfare state after it discovered oil-based wealth. The state provided jobs in the public sector to native Kuwaitis as a way of distributing the

wealth to citizens. This led most young native Kuwaitis to become uninterested in self-employment and instead to rely on the government to provide them with secure and well-paid jobs in the public sector. However, what is of importance is exploring the effect that the public sector jobs have had on the entrepreneurial process, if any. The following are the views of young native Kuwaitis who intend to become entrepreneurs.

There are two different opinions within the intending entrepreneurs participants with regards to how they perceive public jobs. A selection of these participants are interested in the jobs within the public sector, depending on whether they are employed or not, or do not want to leave the job they are already employed in. For them it is an opportunity to secure finance for their future businesses, especially after learning that public jobs provide good wages with easy conditions to comply with and do not interfere in the activities involved in later stages of the entrepreneurial process. Hessa said:

“The willingness to have a job in the public sector and contemplating my own business is related. The government secures jobs for every citizen and it would be a stupid act to refuse this opportunity. Actually, I need the job to finance my future business”. (Hessa)

The intending entrepreneurs follow their families' common beliefs about the welfare state. They think it is their right to be secured by the government with a public sector job and believe in the concept of sharing the wealth. However, others believe they should not be dependent on this job despite the good value of the wages. The reason behind this is that they do not feel comfortable within

these job conditions, for example, bosses having authority over them. They believe that the best situation for them is to be their own bosses. Ali said:

“I don’t want to have a career life full of routine by being in an ordinary job in the public sector with bosses nagging on my head while being underqualified than me. No sir, I will begin my own business and build the legacy I always dreamed of”. (Ali)

Another reason for this is that these jobs contain routine tasks and are bureaucratic; this prevents them from being experimental or doing things differently. Thus, they considered working for the public sector to be boring and a waste of time and effort. In addition, they believed that public sector jobs are barriers that stop them from pursuing their dreams and building their own legacies. They also felt that they could do something different and earn a better living for themselves by running their own businesses. Jasem said:

“I know that the public sector have good wages and no one can resist the salaries they offer. But the public sectors limit the development within the executive area and want things as their rules state and not as what it should be. This makes me mad and I cannot bear doing something I am not convinced of. Thus, attending a job for six hours and realistically doing nothing is a waste of time. I like to do something different and be able to create my own legacy”. (Jasem)

Some participants, who were already involved in public sector jobs and shared the above concerns, have experienced this particular outlook themselves. Faisal said:

“I am waiting for the day I can establish my business and be my own boss. I look at my boss now and I don’t want to be like him

when I enter my 50s, waiting for the day when they force me to retire and be under their mercy. I want to have my own business and apply all the ideas I have and practise all my talents. In addition, my salary after retirement will be cut by 50 to 60% which is not a suitable income for me". (Faisal)

These intending entrepreneurs believe that their career comes to an end at retirement. This makes them feel uncomfortable about their future, being under the control of the government and having to abide by the rules of retirement. They believe that the retirement allowance is small and not enough to fulfil their life needs. Thus, they are seriously thinking of establishing their own businesses to ensure their financial futures.

Intending entrepreneurs are also split in their views with regards to their willingness to become involved in public sector jobs. A selection of the participants showed in their interviews that they view public sector jobs to be a resource they should keep taking advantage of for the wages so they are able to finance their needs and their businesses. They believe in the concept of sharing the wealth, and follow their families' advice in being employed within this sector's jobs. These jobs do not distract them from starting up their own business and therefore no harm comes from being employed within the public sector as a financial support system. Lila said:

"One of the things that I'm glad about is that I can manage my job in the ministry as well as starting up my own business. I don't claim that the job doesn't sometimes prevent me from developing the business, but the good thing is that the salary is considered as a way to finance the business". (Lila)

These intending entrepreneurs feel that they are able to manage two professions at the same time. In the morning, they go to work and in the evening they continue establishing their business. In their opinion, the thing that contributes to them being able to do this is the relaxed conditions that public sector jobs offer.

In contrast, other participants feel uncomfortable with the daily routine and bureaucratic systems that public jobs have. They also feel that they will become relaxed within this atmosphere and become demotivated due to the good wages. Amna said:

“Public jobs are full of routines and bureaucracies and I cannot bear this environment. Although the job offers very good wages, which is very tempting for a relaxed life, this shall demotivate me from starting up the business”. (Amna)

On the other hand, they believe that having a job distracts them from focusing on progressing with the business, or leaves them with no time to start up the business. Furthermore, they believe that in the later stages, being dedicated to the business will help develop and expand the business revenue, providing a higher income than the public sector jobs. Hassan said:

“I know that having a job in the public sector is a necessity in my life. But this job keeps me from developing my business that provides more income for me. I have to take the risk and not have a job in the public sector”. (Hassan)

Therefore, they are willing to take the risk; instead choosing not to have a public sector job or quitting the job they are currently in, even though they need it to fulfil their life needs.

Intending entrepreneurs have two views that are concerned with public sector jobs. The first view consists of public sector jobs providing good wages (to finance the business) and easy conditions to work in. Within this view the entrepreneurs supported the welfare state concept and followed their families' advice.

Public sector jobs act as a positive element within the entrepreneurial process but with different roles for each type of entrepreneur. Due to the jobs' comfortable conditions, this does not prevent young native Kuwaitis from becoming intending or actual entrepreneurs. They also provide good financial resources to start up or run their business. The retirement package provided by the Kuwaiti public job sector, encourage young, native Kuwaitis to become involved in the entrepreneurial process. Therefore, intending entrepreneurs are involved in the entrepreneurial process as risk takers and actual entrepreneurs favour a formal business.

5.2.2.2. Business licence procedure

Due to government regulations, owning and operating a business in Kuwait requires owners to first officially register their business, which is legal legitimacy and sanctioning. However, entrepreneurs are involved in very difficult,

complicated and long procedures with the issuing of business licences. This consumes a significant amount of time and requires a significant amount of effort.

Participants had an idea about the significance of issuing a business licence, they are aware that to make a business legal it has to be registered. On the other hand, they described it as difficult, complicated and influenced by bureaucracy. These participants were originally not involved in the business issuing process; therefore, they were not aware of what the procedures were, or how to develop within these procedures. Ahmed said:

“Of course there are laws and legislations that organise the business registration process, but I do not know what they are, however, I have heard that these laws and legislations are so complicated and difficult to comply with. And I am not surprised to hear that!! For now I am concentrating on the business idea, and I will try to deal with the government’s rigid rules at a later stage”. (Ahmed)

Although these participants held a negative ‘stereotype’ with regards to describing the business registration procedures, they are not worried about it as they believe that at this moment in time finalising the business idea is what counts. The reason behind this attitude is that participants believe that the business licence is not an immediate issue they should deal with promptly; what concerns them is the business idea itself. They feel it is better to focus on the business idea or on taking the right decision about being an entrepreneur

instead of any issues that may cause uncomfortable feelings toward their desires, intentions or thoughts. Salih said:

“I heard that I should register my business with a licence to make it legal, I’ve also been told it is a very hectic procedure to complete, although I have never checked it and do not know what the procedure to register a business licence is. It is not important now, what is really concerning me is my business idea”. (Salih)

Furthermore, these participants do not consider the business licence laws and legislation because they think of it as a possible obstacle or challenge, which they prefer not to become involved in at this current moment in time. They feel this kind of obstacle or challenge may negatively affect their clarity of mind to think or decide about becoming an entrepreneur and therefore they believe it is better to turn a blind eye to it to begin with. On the other hand, other participants feel that they should not be intimidated by the business licensing difficult procedures as they expect that their social connection – Wassita – can help to overcome such procedures and help grant them the business licence. Hence, they do not take these procedures seriously. Nora said:

“Everybody states that business licences are a complicated procedure and therefore I do not want to add another obstacle to my path. I promised myself to have a clear mind to concentrate on the business idea, and after that I believe there are a thousand ways to resolve the registration issue. At the end of the day it is a country filled with Wassita”. (Nora)

In addition, most participants believe that a Wassita is the only tool that can make things happen in Kuwait. On several occasions, the phrase ‘*Kuwait is the country of Wassita*’ was mentioned by most participants in all research-targeted

groups. They believe that it is essential for any individual to have a Wassita in order to survive in Kuwait. For them a Wassita is a resource, necessary for a life and a culture they have to secure. For example, any individual that wants to deal with governmental procedures to obtain a service or issue a governmental document like birth certificates, passports, driving licences etc., should be sanctioned through a Wassita to issue these documents. For them a Wassita can act as a shortcut in what would usually be a long procedure and will help to secure the business licence. Otherwise, they will spend their time and effort going through the government procedures and in some cases, they will fail to be issued with the government document. Issuing a business licence is not a different subject from what has been mentioned above. For these participants it is a matter of securing a suitable Wassita for the time that they need it. Therefore, notable numbers of participants show their detached interest in business licence laws and legislations in the intending stage due to their belief that they can overcome these legislations through a Wassita. Regardless of whether they secure it now or at a later stage, they have confidence that they are able to secure it whenever they need it.

Most of the intending entrepreneurs group who participated in the interviews, described their experiences of being issued business licences, as negative. They stated they were rigid and complicated. As their views suggest, the procedure is not clear; it consumes too much time and effort, and is extremely costly. They also portray their disappointment and discouragement in continuing with the procedure. To overcome this challenge, they suggested three options: option one is if the intending entrepreneur has enough money and has a proper Wassita, then they are able to issue a business licence with no difficulties. In their interviews, the participants stated their use for a Wassita was to overcome

the difficulty of the procedure and ease the process to issue the business licence. They believe that a Wassita can provide a shortcut to the steps in the procedure and issue the business licence quicker. Tariq said:

“The moment I started to apply for a business licence I was shocked by the long, rigid, complicated procedure. The most shocking factor was that some of these procedures contradict each other. Then I realised that the only way to complete the licence is to use a Wassita, otherwise it will consume time and money and I will continue with this procedure for months”.
(Tariq)

If the intending entrepreneurs have the money, and do not have a Wassita, then they exercise option two: renting a business licence. Renting a business licence is an informal process in which some business licence owners optimise the use of their licence and rent it to other business owners who need a business licence to register their business. The business licence owner gives the right to other business owners to register their business activities under his/her licence for a monthly fee, which is agreed by both parties. Participants report that they search for an owner of a business licence who wants to rent it to whoever is interested. Sheikha said:

“Applying for a business licence is near impossible, so now I am searching for a licence to rent or sell. The challenge now is to find a licence that matches my business idea with an affordable price”. (Sheikha)

If the intending entrepreneurs cannot find a suitable licence for their business to rent or the rental payments are too expensive for them, they are left with the final option: starting up an informal business. As discussed earlier, another

reason for starting up this kind of business is due to the intending entrepreneurs being employees in the public sector. These entrepreneurs are not allowed to apply for a business licence unless they leave their job. On the other hand, some intending entrepreneurs decide to stop starting their business because they cannot be issued with the licence and do not want to become involved in an illegal act by starting up an informal business.

Although entrepreneurs knew that the business registration procedure was a big challenge, most of them managed to overcome this. Due to this, this factor has no effect on the intending stage. Intending entrepreneurs focus on their business idea, do not think about how this procedure could be a potential obstacle, and have a Wassita, which made this factor harmless for their intentions and thoughts. However, not being involved in the procedure in the first place, due to the nature of this stage, i.e. no action has to be taken, is the main reason behind intending entrepreneurs overcoming this challenge.

In contrast, the business licence procedure has an essential impact on the intending and actual stages, as a legal sanction. Intending entrepreneurs do their best to overcome the challenge of applying for their own business licence, however, there are three main reasons why it does not succeed: lack of a Wassita, not having enough money and still being employed in the public sector. The alternative to this is to use other people's licences or start up the business without a licence. In all cases the act is illegal. If the intending entrepreneurs prefer not to commit illegal actions then they will eliminate this

stage. Actual entrepreneurs who could not be issued with their own business licence have similar reasons as mentioned by the intending entrepreneurs. This leads them either to be informal entrepreneurs or to quit the entrepreneurial process entirely. On the other hand, if these entrepreneurs have a Wassita and money and are not employed within the public sector then they can apply for their own business licences. Obtaining finance to start the business was crucial, as explained in the subsection below.

5.2.2.3. Formal Finance

The state has a provision for financial support for young Kuwaitis to encourage them to start a business. In the following section, the experience of intending and actual entrepreneurs with regards to funds and other forms of financial providers in Kuwait is discussed. The discussion will also involve which type of finance they secured, how they were able to secure it and what happened if they were not able to access the finance.

Most of the participants in the intending entrepreneurs group stated that they managed to become intending entrepreneurs without having capital or access to finance. They believed that these financial resources are not required to enter the intending stage. In their interviews, they stated that they totally depended on their intellectual means to formulate their business idea. Not having access to finance did not completely stop them from thinking about the business idea or having the desire to own a business. Fatima said:

“When I was thinking of my business, I did not have anything (any financial resources), I just had my brain. I do not believe

that if I had money or I don't have it, it will stop me thinking of a business idea, as people say; you can think for free!" (Fatima)

On the other hand, participants believe that the only effect that financial resources have on this stage is on the business idea itself. Securing the financial access could have an effect on the business idea and shape. It may change the shape, size or quality of the business idea. Jasem said:

"At the moment I don't have money so I have this business idea, but if I had money certainly my business idea will be different".
(Jasem)

Some participants see no effect on financial resources in the intending stage, due to the belief that they can secure them whenever the time comes or when they have the need for them. The intending entrepreneurs have a different source to secure the capital they need to establish their business. Some of them have savings from their salaries, others have their family's financial support. Also available is the government financial support programme and in the worst-case scenarios, they are able to borrow money from the bank. For example, Hessa said:

"It is the least of the worries I have now, let me first finish my business idea and decide if I am going to execute it then I certainly will find my resources, it could be from my salary, family or one of the government's small business support funds. There are one thousand ways to clear it out, even if I borrow it from a bank! But now what I care about is the business idea".
(Hessa)

This participant believes that financial capital could be secured from many resources, what matters now is the business idea and the decisions that will be taken to execute this idea.

Participants in the intending entrepreneurs group stated that they are different from intending entrepreneurs and they do consider access to finance in the intending stage. One of the things they try to do is explore and secure financial access to start up their business. Mohamed said:

“One of the things that I need to start my business is being granted capital or to find a way to finance my business”.
(Mohamed)

Also, they described the process of securing financial access as very difficult. When they approach banks to borrow money for their business they are shocked about the high levels of interest the banks want to charge on loans. They comment on the high interest amount as ‘ridiculous’, referring to the banks as ‘blood suckers’ and tell them to ‘get out’ in the politest way possible. Tariq said:

“I expected that securing capital for my business would not be easy but I didn’t expect it to be this difficult. To borrow money from banks involves them giving you an interest rate that will completely shock you”. (Tariq)

Therefore, most participants give up this way of securing finance through bank loans due to the high interest. They try to find another way by going to financial firms, governmental or private, like the industrial banks and small business companies, which are meant to help entrepreneurs establish small businesses. These participants found it more difficult to gain finance from these

organisations. They felt lost within the complicated procedure as well as anxious and uncomfortable towards the securement of their business ideas. Some of the participants complained about theft of their business ideas by some of these firms. Participants tried to avoid these firms due to the complicated and difficult procedures with being granted the finance. Also, a lack of trust the participants have towards these firms with regards to keeping their business ideas, exposes them to theft by others, which makes the participants close the chapter with these kinds of firms.

To overcome the financial challenge these participants face in the intending stage, they resorted to their community, either family or friends, and asked to borrow money. If this were the case, they promised to return the borrowed money in a few months. Only a few of these participants succeeded in convincing their community to lend them money to start their business. Lila said:

“I really owe the gratitude to my brother who lent me his money to start the business. Despite the weak financial position he has, he took the risk just to help me but I think he sympathises with my situation and he trusts me and believes in my abilities to be successful”. (Lila)

These types of participants are rare due to the fact that most families in Kuwait are against the entrepreneurial process, or they do not have excess money to lend. However, there were some who succeeded in borrowing the money due to the money request being manageable or it was just enough for a small business, and the intending entrepreneur managed to win people's sympathy. In both cases this access was limited and was only suitable for a small budget business. The last way the participants resorted to was depending on their own salaries to finance the start-up of their business. Sheikha said:

“I’ve tried all sources of finance to gather money to start up my business; banks, financial firms, family and friends, and all doors were closed, so the only thing I have is my salary, and I will use it”. (Sheikha)

For female intending entrepreneurs, it would be an easy decision to use the whole of her salary to start up the business. Within Kuwaiti culture, the male must take financial responsibility for the life needs for the family and therefore females are not obliged to provide for the families’ financial needs. The women can choose to help but they can also choose to use their salaries to start up a business. Khaled said:

“It was a critical decision to make, my salary is the only financial resource for my family, but I didn’t have any other choice, I have to use it if I want to start up the business”. (Khalid)

Hence, the decision for males is tougher, but due to the risk-taking element, most of them choose to use their salary to start up the business. However, if the business does not succeed, they will stop financing the business and take care of the family needs. For these male participants, one of the reasons they want to begin a business is to find another source of income for the family. Therefore, if the business is not profitable then leaving it is a better solution. Fouz said:

“I tried every avenue to find a financial source to start my business; unfortunately I still could not secure one. It would be a pity that I could not start my business”. (Fouz)

Participants in the intending entrepreneurs group tried their best to secure financial support to start up the business. They approached banks, financial firms, family and friends or used their own salaries. For some of the intending

entrepreneurs who could not manage to find the financial support to start up the business, they pursued every avenue to find one, but still could not start up the business.

One of the challenges that entrepreneurs in Kuwait face in their entrepreneurial journey, is securing access to finance for establishing their business, which intending and actual entrepreneurs interpreted themselves and held their own opinions on. Intending entrepreneurs are not as worried about securing the access to finance compared to the other types of entrepreneurs. This is because they believe that in later stages either it can be easily secured by their salaries and families' financial support, or they trust that the banks' loan and governmental funds are easy to receive. They feel that in the later stages, securing finance is important, but at this stage their focus is on completing the business idea.

Access to finance as a resource becomes essential for intending entrepreneurs, because they believe that if they cannot secure it, they cannot start up the business. Intending entrepreneurs try their best to secure financial resources to start up their business, from government funds, from banks, from families and from their salaries. Each financial sector has its challenges, but securing the finance from the government fund (e.g. KSCP or Law 98 fund) provides large funds of up to 500,000KWD. However, these funds are hard to come across, unless the intending entrepreneur has the proper Wassita to grant it. Banks can also provide large funds as long as the intending entrepreneurs accept the high rates of interest and have the proof that they are able to deliver all the instalments of the bank loan (e.g. high salaries or property like land or houses).

The conditions of having this kind of financial support depend upon intending entrepreneurs having a business licence, which means they are going to start up a formal business. If not, then they cannot apply for the fund or for the bank loan in the first place, so they ask their community to lend the money or take it from their salaries. However, this would be a limited amount of finance and they would end up starting up a business with limited resources. This is another reason why informal businesses are limited and are not developing into big businesses. In order to receive funds from the community, intending entrepreneurs must convince lenders that their business is profitable, with the challenge of convincing them that entrepreneurship is a positive step for them, however, in most cases they cannot succeed with this mission. The only resource left is their own salary from a job in the public or private sector. If the intending entrepreneurs do not have any of the above then they will have no access to financial support, so the most likely result to occur would be for them to leave the entrepreneurial process.

If the above intending entrepreneurs had managed to start up their business, then they would have been granted one of the above-mentioned means of financial support. If this support came from government funds or banks then they are likely to have secured it through a good Wassita. Hence, as formal actual entrepreneurs, it is easier for them to have another means of financial capital that makes running or developing the business possible. In case actual entrepreneurs cannot secure formal financial support, due to lack of a Wassita, they attempt to bring in investors from their close community or use their own salaries to finance their business, but this provides limited resources. Not

having a business licence also makes it an informal business. If the actual entrepreneurs are informal, then they are likely to be unable to expand and develop their business. In the future, they may want to develop their business to become formal and receive a larger financial income from government funds or banks, but they must first have a business licence, in which they need a good Wassita. If not they would have to remain as an informal business with limited resources and business.

5.2.3. Results Summary

Table 8 provides a summary of results for intending entrepreneurship, where they are merely thinking about having a business.

Table 8: Results Summary: Intending Entrepreneurship

Institution→	Informal			Formal		
	Family	Business (class) families	Wassita	Public jobs (services)	Business licence	Government fund
Intending	Hide intention	Personal drive to achieve	Obtain legitimization	Automatic job as a citizen welfare	No licence	No funding
	Confront family	Obtain sanction	Obtain business licence	Achievement drive	-	-
	Family boycott	Give up the struggle	Obtain government funding	Given in to the challenge	-	-
	Surrender to family pressure	-	-	Informal business start-up	-	-

5.3. Impact of Informal and Formal Institutions on Actual Entrepreneurs with Actions to Start Up a Business

5.3.1. Informal Institutions

This section presents three informal institutions that emerged from the data and have an effect on the entrepreneurial process. These are business families, working families and society, and Wassita. Furthermore, entrepreneurs' behaviour is described in relation to these informal institutions, and how they encourage/legitimate or prevent them to succeed through the process.

5.3.1.1. Kuwaiti Families

A prime example of an informal institution is the working family of the intending entrepreneur. Interviews revealed that family influence and regulation continues into the actual entrepreneurial stage. However, some participants believed that negative influence would be extinguished if they proved to their families that they were being successful in the business and making better money compared to the governmental job. On the other hand, if the business failed they would be swarmed upon by this family member and would blame them for not following their original advice as a common belief or a cultivated legitimacy. Osama said:

"I only got some peace from my family the moment I showed them that my business is profitable and I can make more money than any job in the public sector. The funny thing is that, in my business I do not always make profit, sometimes I do end up losing a lot! At this difficult time the nagging from my family starts, their famous saying is 'We told you, a government job is better than your business, at least you will not lose money'. It irritates me but at the same time it makes me laugh". (Osama)

Some families change their views about the entrepreneurial process when they see their family members are doing well and have succeeded, where a new set of norms are installed. This is because the family, at the end of the day, are comfortable and become assured that their family members have secured their future financially. Hence, it is an example of change in institutions, which in this case is the family. Some families will be happy during the profitable periods of the business and become unhappy in the bad periods of business, as they will lose money, following the old norms and orthodoxy. In fact, the old orthodoxy is so strong in some cases that some families still challenge the entrepreneurial process even if their family members are doing very well in their new enterprise. For example, the following participant did not have a bachelor's degree or a recognised job with an executive position in the government sector unlike their brothers and sisters, however, the business they owned earned more than their brothers and sisters. Yet, this participant was considered to be a loser in their family's eyes as due to their old constitutive schema they lacked an inherent cultural support for such activity in life. With all this discouragement and the negative ideas that the parents imposed on this participant, they still managed to overcome this huge amount of pressure and persevere their business. Osama said:

"I only managed to get my high school degree, due to some circumstances I couldn't complete my higher education and I couldn't obtain my bachelor's degree, maybe this is what drives me to establish my business and make me successful. The sad thing is that my dad and mom still see me as a loser. I couldn't be like my brothers and sisters who have a bachelor's degree from a decent university. Although I earn much more than they do, I am still a loser in my father's and mother's eyes". (Osama)

The reason behind this participant's success could be due to their need for achievement, determination and independency, as a new norm. They insisted on their goal and completing their legacy. They had a very good way of dealing with their family's pressure and interpreting or seeing it as a challenge that they wanted to overcome. Osama said:

"There are times I remember that I almost gave up my dreams and business. From day one I knew myself that I couldn't be like my brothers and sisters; having a university degree and being in a decent job, so I decided to become an entrepreneur but my family was against me, however, because I believed in myself that I could do it, I continued till I made my business successful thank God". (Osama)

Although it is hard for some actual entrepreneurs to deal with discouragement from their families, they still continue being actual entrepreneurs, but the challenges they face do not end there. There is another challenge that is faced by actual entrepreneurs directed from the society. Society is harsh on entrepreneurs who are not from original business families. They will have more difficulty finding a family that agrees and provides their blessing to marry. The reason behind this is that these entrepreneurs do not have a constant income and one day they may lose their business and become poorer than they are. The purpose of rejection is due to uncertainty of whether this entrepreneur will fulfil the financial needs for their new young family. This case would become more complicated if the entrepreneur did not have a government job, in which it is a guarantee for his financial position. This is evidence that the formal government institution is strong and is seen as a saviour for citizens. Hamza said:

“When I was looking for a woman to marry, I knocked doors on all the families I knew. Most of them refused me because I am not a government or a private sector employee and I have my own business. The families were afraid that I would not be capable of supporting a household because my business may lose everything and I may become bankrupt. What I did, after lots of attempts to convince society that I can support my marriage with my business, I took a government job for a while just to get married, then I resigned from it after I got married”.
(Hamza)

Hence, in a cognitive sense, having a government job in the current climate is a more recognisable aspect of life. Understanding the mentality of society and knowing how to deal with it is crucial. Actual entrepreneurs believe that they should not resist society completely nor submit to every challenge. They also believe that they are part of this society and they should be clever in the ways they choose to cope or deal with its norms and act appropriately.

However, actual entrepreneurs can continue to work towards their goal and use their personal determination, independence, self-efficacy and the need for achievement. Social skills are also an advantage for these entrepreneurs. They help them to understand how to deal with society in a way that guarantees they access their required needs. However, in the event that the business does become successful, some families convert their opinions from rejection to acceptance of the entrepreneurial process.

Some young Kuwaitis from working families aim to move towards the business family segment, in a quest for equality and the right to choose their future career. This results in the need to create ambition within the young entrepreneurs; it motivates them to enter the entrepreneurial process. Intending

entrepreneurs have a goal, an ambition or a desire to be business owners that transfers into a need for achievement. The intending stage becomes a test for an entrepreneur's solidarity of the motives and goals they want to achieve – if their need for achievement is weak or fake they cannot continue. Within this stage particularly, they have a lot of challenges as mentioned previously, which may discourage them to continue. The ones who progress to the actual stage are sure about their goals and are in the process of accomplishing them.

Most participants in the intending entrepreneurs group provided evidence that their determination for achievement was a key element for them to continue in the intending stage. They suggest that it is one of the things they count on to overcome challenges and obstacles in starting up a business. The need for achievement energised the participants to continue the stage and gives them the motivation to start up a business. Therefore, the need for achievement has a positive influence on the intending entrepreneurship stage; young, native Kuwaitis who lack this need for achievement may quit the entrepreneurial process.

Similar to intending entrepreneurs, most participants in the actual entrepreneurs group expressed in their interviews that they had life goals which became a reason for them to achieve. This is one of the reasons that motivated them to establish the business. For example, Hamza said:

“My business came up because of my thirst to achieve the goal of my life; my own company for website design”. (Hamza)

These entrepreneurs are no different from entrepreneurs in previous stages, as they see their business establishment as achieving the goals, dreams or legacies they want in life. In addition, having a need for achievement will drive young, native Kuwaitis to become motivated, determined and energised to continue the stage and face all challenges or obstacles in operating their business. They also suggest that the lack of this quality may weaken the entrepreneur's position and they may give up the business. Najla said:

"I know some businessmen and women quit their business because they lose their motivation and determination in achieving their goals. The amount of negative experiences and challenges they faced disappointed them and stopped them from continuing. If they have a need for achievement in life they will never quit and will fight to survive in the business environment". (Najla)

Therefore, the same is believed regarding the necessity for achievement in continuing the entrepreneurial process, which exists in actual entrepreneurs.

Most participants in the intending and actual entrepreneurs group indicated that they do adhere to their social norms, but to a limit. They will not compromise their business aspirations, as they believe that being independent is an important factor for running the business. They believe that making decisions or taking actions is their sole right; they feel that following the social system is for their own benefit. This system secures them a Wassita and customers for their business. Therefore, they try to keep the balance between having the social system in their favour and keeping this system from influencing or interfering with their decisions or actions. On the other hand, most participants did show their faith in destiny.

The most notable issue was that two types of intending entrepreneurs dispersed into the intending and actual stage: the ones who are dependent on the social system and the ones who believed in luck. The ones dependent on the social system dropped out of the intending and actual stage because the social system did not approve of the entrepreneurial process, therefore, they did not appear in this stage. On the other hand, there is no specific reason as to why those who believed in luck were not portrayed within the stage.

Most participants in the actual entrepreneurs group expressed in their interviews that they are independent from other people's influences and did not fully adhere to the social patterns of behaviour. They believe that this independency is necessary for them to run the business. Most participants feel that to run the business smoothly they need to make decisions and take actions without interference from other people. In their opinion, being dependent on the societal system is stopping them from doing what they think best for the business. Fahad said:

“To be independent means that you are out of other people's control and you are take your own decisions. It is an essential matter to control and run your own business”. (Fahad)

They also show their commitment to the family and tribe's decisions but only to some extent. If the decision made by the social system is not in favour of the business, they will not take it as granted. They will try to compromise on the decision and do their best to keep their interests at the forefront of the business. Jaber said:

“To follow the family or tribe in some decisions they make conditions it so that it will not affect the business I run”. (Jaber)

For them, the social system is an important matter, as they depend on that system to provide them with the Wassita they need to run the business. The Wassita, as discussed before, provides these entrepreneurs with resources for their business, for example, customers and a Wassita. Keeping the family and tribe happy without them interfering in the business is a difficult formula that participants try to solve and deal with in a very careful way. Sabika said:

“To keep my family and my tribe from interfering in decisions and actions I take is a difficult thing to do. In some things they do oblige me, but when it comes to an issue related to my business, I do whatever is best for the business”. (Sabika)

Most participants try to provide a balance between conforming to the social norms and a shared reality and being independent in their decisions and actions. They believe that succumbing to the social system is a way of investing in the Wassita that will provide benefits or support when they need it. However, they try to keep the peace in whatever they do for their business and try to avoid any negative influence from the social system.

On the other hand, most participants showed their faith in destiny. Huda said:

“I do my best for the business, but whatever [God] gives me I will be satisfied with, at the end of the day [God] is the one who distributes the livelihood to the people”. (Huda)

They believe that it is part of their Islamic practice and they seek the blessing of ‘[God]’ for their business.

The role of the family and society in educating their children and the role of Islamic culture has the biggest influence on young, native Kuwaitis being respectful and valuing their social system. This is to an extent that they tend to obey all shared norms even if they concern their future career. On the other hand, there are some young, native Kuwaitis, who still respect and value the social system, however, they are independent and want to have their own control over their life events. In addition, for the same reason, most of the intending entrepreneurs do believe in fate and destiny. Others have their own belief system and do believe in luck, and they hope to become lucky and become owners of a successful business. Hence, intending entrepreneurs have a combination of behaviours with regards to the locus of control. On one hand, some are independent and have control over their life events, whereas on the other hand, others are dependent and need other people's assistance to control their life events.

5.3.1.2. Business Families

Participants in the actual entrepreneurs group showed that the influence of business families is continuous in this stage. The negative influence is more pronounced and the challenges become more obvious, so there is a lack of legitimization. Participants express their pity when they compare the business families' behaviour in the past to their current behaviour, hence the change in institutions has been more positive than thought. Alaa said:

"You know, in the past business families would encourage and help others to become entrepreneurs, but not nowadays". (Alaa)

Participants believe that business families will do anything but help others and encourage young, native Kuwaitis to become entrepreneurs. Instead, they apply coercion and present challenges to newcomers from becoming businessmen. They will try indirectly or directly to make them fail, narrow the business environment or at least discourage the actual entrepreneurs. Business families do believe that the actual entrepreneurs are threats for them and they should continue to stay as small as possible so they will not 'pull the carpet from out under their feet'. The participants feel the same way and therefore a mutual lack of trust is established in this situation. Dawood said:

"We have a close business environment, what you do or think about business is limited by the [due to] manipulation of powerful families. The choice of business is also limited, and the franchise is limited. Whatever business you choose must not be similar to one that is owned by business families. These families consider us as a threat to their securement in the market, and we exchange the same feelings; we do not trust them and they do not trust us. The competition begins at the start of owning a business, unfortunately sometimes it comes to an unfair competition". (Dawood)

One of the ways that business families try to stop actual entrepreneurs, as reported by participants in their interviews, is by trying their best to not allow other small businesses to grow, especially if this business is in competition with what they already have. If not, they will do whatever it takes to exclude the actual entrepreneurs' businesses from the market. Sabika said:

"It is like you are not allowed to progress in your business. There is a limit that you will reach and you are not allowed to over pass it. If you show any competitiveness to a similar business owned by a business family, then that's it, game over, you are out!" (Sabika)

As shown in participants' experience and opinions, they feel that business families are extremely aggressive in protecting their interests and negative social regulations and restrictions. One way they do this is by showing passive aggressiveness in which they have an agreement with the actual entrepreneurs to keep them under their control or to limit the effects on their interests. Bader said:

"This kills the dream of expansion unless you have access to powerful people that can watch your back, or keep an agreement with business families. Something is better than nothing". (Bader)

It would be a win-win situation for both parties (which is a form of cultivated legitimacy), however, actual entrepreneurs feel that they win less than business families in this situation, but at least they will not be phased out from the market. Alternatively, according to Dana's statement:

"I am out of the business family's target, one of the benefits of having an informal business and small business is that you will not trigger the business family's interest in your business".
(Dana)

One other way to consider an escape from the business families' influences, is to have a low profile, small business in which they are not formal.

The business families' influences continue into the actual stage and become more aggressive and firm. To overcome such influences, actual entrepreneurs will depend on their independency and hold firm beliefs that they can still achieve their life goals or be able to ask for aid from other powerful people in

the state. Otherwise, they complete a win-win deal with the business families, or stay small and in a low profile business. If not, then the only way is to have an informal business.

5.3.1.3. Wassita

Most participants in the actual entrepreneurs group emphasise the role of social networks. Also, most of the participants suggest that they do have a social network that helped them with their business. Maryam said:

“Social networks are considered as one of the pillars that businesses depend on. Without good social networks the business will be weakened or probably fall down. It is the basic principle for everything in the business”. (Maryam)

Most participants consider that social networks are very important assets for their business and are the type of resource that they should acquire. They feel weak without it and some of them believe that they will quit the entrepreneurial process if they never end up with a social network. They expressed in their interviews that they do exert a lot of time and effort and sometimes money just to build up more social networks. Hamad said:

“It is not an easy job to build up an effective social network that will support your business. You have to attend a lot of Diwaniya, search for people who have powerful positions and try to connect with them, sometimes spend money to gather people for a dinner or send presents for their special occasions. It is time consuming, requires a lot of effort and money but it is an essential investment for any businessman to do”. (Hamad)

One of the powerful tools that participants in this group emphasise is the best way to gain social networks, is Diwaniya. Diwaniya has had an important place in the heart of Kuwaitis from the early days of Kuwait. It plays a major role in connecting people on a business basis, as most participants put social networks as a condition to the survival within the business environment. For them it eases through every enquiry they need for the business. As mentioned before it eases the formality to establish or expand the business by doing official things in the government, until the business is marketed to the customers. This is even true for informal business owners who do not need official certificates or are not involved in formal procedures for their business. They still need a social network to market their products. Osama said:

“My business is based on social networks, I believe the more numbers of people that I market my product to the more I sell. Thus the social network is very important for me, without it I cannot survive in the business”. (Osama)

Most participants believe that social networks are essential in the actual stage; without them the business could collapse. They act as a solid pillar for the business' base and with them they can overcome the formal institution challenges, access to finance and secure customers with them. On a continuous basis they refresh the Wassita and keep investing in it, as it is considered to be a major asset to the business. This is because the Kuwaiti community is based on Wassita and it is one of the major pillars that Kuwaiti society is built on.

5.3.2. Formal Institutions

Three formal institutions are: welfare state represented in public sector jobs, business registration procedures and formal finance; all have had an influence on the entrepreneurial process. How and why these subthemes have affected each stage will be discussed in the following sections, and also what the entrepreneurs have done to deal with these formal institutions to complete the entrepreneurial process.

5.3.2.1. Public Jobs (Welfare State)

Similarly, the actual entrepreneurs group repeated the mixed views earlier groups had. Some of the participants again held views that public sector jobs are a welfare state tool to share the state wealth, a resource that they should keep taking advantage of in order to finance their life needs and their businesses. However, they did follow their families' advice in taking a job in the public sector. Also, they have the same view with regards to easy job conditions, allowing them to continue part-time with their business. They believe that the wages from their job are secure and easy money to earn and it would be a missed opportunity to waste easy money by quitting the job. In addition, they believe that salaries are a better financial path to take than receiving finance from banks or financial firms. Bader said:

“I invest my salary in my business, and have been successful so far. The business is doubling my salary, thank god... This is one of the smartest moves I've done in my life... Why go to banks with high interest rates when I am able to acquire money that is like a gift from the government?” (Bader)

Other participants believe that having a government job will prevent them running the business. They think it is better to not waste their time and effort on something they are not committed to rather than focusing on running their own business, which they have a passion for. Hamad said:

“I realise that I should resign from my job otherwise I cannot issue the licence. At that time I took the risk and quit my job. Now I can say I am proud that I took that decision”. (Hamad)

The essential matter is that public sector employees are not permitted to issue a business licence under their name. This became one of the main factors as to why intending entrepreneurs chose not to have a job or why they chose to quit their job.

5.3.2.2. Business licence procedure

Due to government regulations, owning and operating a business in Kuwait requires owners to first officially register their business as an instrument of legitimacy. So a licence is granted as a certificate and accreditation. However, entrepreneurs are involved in very difficult, complicated and long procedures with the issuing of business licences. This consumes a significant amount of time and requires a significant amount of effort. Below, young intending, intending and actual entrepreneurs share their experiences of the issuing of business licences.

The majority of the actual entrepreneurs participants highlighted in their interviews that the business licence-issuing procedure is hectic and complicated. These participants explain and describe in their interviews some of

the actions taken by them or individuals who tried to apply for a business licence. Some of the participants stated that there are a notable number of individuals that gave up with the procedure and therefore did not establish their business, as they were not granted the licence. Some of the participants highlighted how they relied on a Wassita to be granted the licence and to overcome the challenging procedure. Fahad said:

“After a large amount of effort of spending time and money, and lots of kissing noses, I managed to receive the licence, thank God. But I know a lot of people were not issued it, and therefore, they gave up on the business”. (Fahad)

Some participants stated that they failed in being granted their own licence so they chose to rent one. These participants wanted to avoid becoming involved in the procedure and tried to find another way for it to be granted. These participants believe that the government deliberately designed the procedure to be difficult and complicated to discourage individuals from establishing their business. They therefore blame the government for the high prices of renting a licence. Bader said:

“I blame the government for the money I am paying to rent the business licence, their difficult legislation and registration procedure is like saying to people ‘Do not open a business!!’”
(Bader)

Some of the participants also state their failure in being granted their own licence, but in comparison, they exercise another option that is different to the above example. They chose to establish their business within their homes and not to register it. The reason behind this action is not limited to the rigidity of the

procedure, it is also due to the high cost of receiving a licence, whether it is owned or rented by another business owner. Dana said:

“I have tried to apply for a licence but I couldn’t due to the complicated procedure and the amount of money required to receive your own, renting or buying other’s licences. Therefore, I decided to start the business at home and sell it by using mobile applications like WhatsApp and Instagram”. (Dana)

The problem that actual entrepreneurs face if they run and operate a business from home and do not register their business officially is that their business has a limited amount of resource and profit. Therefore, expanding the business or developing it will be a hard task. Dana said:

“The only problem that I have with my business is it is not official, which means I cannot expand or develop it more. Bringing goods into Kuwait requires a business licence, and having a store also needs a business licence, which I do not have”. (Dana)

Similar to the intending stage, running or operating an informal business is dependent on the actual entrepreneurs still being employed in the public sector or not.

Although the three types of entrepreneurs knew that the business registration procedure was a big challenge, most of them managed to overcome this. Due to this, this factor has no effect on the intending stage. Intending entrepreneurs focus on their business idea, do not think about how this procedure could be a potential obstacle, and have a Wassita, which made this factor harmless for their intentions and thoughts. However, not being involved in the procedure in

the first place, due to the nature of this stage (no action has to be taken), is the main reason behind intending entrepreneurs overcoming this challenge.

In contrast, the business licence procedure has an essential impact on the intending and actual stages. Intending entrepreneurs do their best to overcome the challenge of applying for their own business licence, however, there are three main reasons why it has not succeeded: lack of a Wassita, not having enough money and still being employed in the public sector. The alternative to this is to use other people's licences or start up the business without a licence. In all cases the act is illegal. If the intending entrepreneurs prefer not to commit illegal actions then they will eliminate this stage. Actual entrepreneurs who could not be issued with their own business licence have similar reasons as mentioned by the intending entrepreneurs. This leads them either to be informal entrepreneurs or to quit the entrepreneurial process entirely. On the other hand, if these entrepreneurs have a Wassita and money and are not employed within the public sector then they can apply for their own business licences.

5.3.2.3. Formal Finance

The state provides funds and financial support for young Kuwaitis to encourage them to start a business, and as a sign of legitimization money is provided. In the following section the experience of intending and actual entrepreneurs with regards to funds and other forms of financial providers in Kuwait is discussed. The discussion will also involve which type of finance they secured, how they

were able to secure it and what happened if they were not able to access the finance.

Participants in the actual entrepreneurs group stated in their interviews that they suffered the same obstacles that intending entrepreneurs faced with regards to securing financial support for their business. They state in their interviews the same comments regarding the high interest rates banks offer when someone wants to borrow money for business purposes. The same comments were given regarding the complexity of financial firms that provide funds for small business.

For example, Maryam said:

“I want to expand my business therefore I decided to borrow money from the bank, they shocked me with the interest rate; if I made 100 percent revenue it will go straight to pay back the interest. What is the use then, so I gave up the idea of borrowing money from banks”. (Maryam)

However, they portray different reactions to the two challenges. They overcome the challenge by using a Wassita. Sabika said:

“I do not know how I managed to get the money to run my business, I think without my Wassita I wouldn't have been able to convince the financial firm to grant the money for my business”. (Sabika)

This participant not only managed to receive financial support for his business but also the Wassita that was used secured the business idea from being stolen. Most participants in this group will not apply to these kinds of firms until they guarantee that their business will not be copied or that the expanding idea

will not be stolen. So first of all they secure the Wassita before committing to the firm, and they will also see if they are granted the finance they need or not. If they feel that their Wassita will not be useful, they will stop dealing with this firm until they find a powerful and useful Wassita. The Wassita sometimes has such a powerful effect that it can sometimes help lower the high rate of interest. Bader said:

“Because I know the family owner of the bank I got the family discounted interest, and believe me it makes a really big difference”. (Bader)

Participants in the actual entrepreneurs group have established a well-based social network compared to intending entrepreneurs, hence, this may be one of the key success factors. This may be because they are more mature within the market and have progressed further to know how to establish effective and influential social networks. They may also use the social networks more effectively to gain what they are looking for. Other benefits participants gain from Wassitas is that they act like a shield that protects them from the business families' manipulation. These families own most banks and have control over most financial firms. They make sure not to finance any business that may become a threat to them. Participants use their social networks and sometimes they make a social network with the business families to avoid their manipulation. For example, Dana said:

“I deliberately made this connection with this business family so I will be under their shade, and I can continue my business. It is easing a lot of things like receiving finance from their banks, finishing official documents in government departments and also connecting customers to my business”. (Dana)

However, not all participants have such powerful social networks that solve their problems. Some participants resort to their community to help them in lending them money but in different ways compared to intending entrepreneurs. Intending entrepreneurs receive finance by gaining sympathy, whereas participants in the actual entrepreneurs group used a different method. They convinced people in their close community to become partners with them in the business and share the profit the business makes. Alaa said:

“I managed to resize my business and expand it by convincing my cousins to join the business. They are investing some money from their salaries and giving it to me to become investors. Hopefully in a few months I will return this money with some profit”. (Alaa)

The rest of the participants, who could not secure finance from banks and financial firms, through a Wassita, and could not convince their communities to invest with them, took their salaries as a sole source of financing their business. These participants describe their business as something very limited and small volume due to their salaries. Fahad said:

“My business is self-efficient, I finance it with my salary and at the end of the month I have a return on the investment of 100 percent. It is like I have a business that has doubled my salary. It is a small business but I am convinced with the revenue”. (Fahad)

This kind of self-financed business has a continued financial resource, salaries and the business revenue itself. This type of business was described as a

growing business but on a very small scale and over a longer period of time. Most of these businesses are unofficial businesses.

5.3.3 Results Summary

Table 9 provides a summary of results for actual entrepreneurship and how they act about running their business.

Table 9: Results Summary: Actual Entrepreneurship

Institution→	Informal			Formal		
	Family	Business (class) families	Wassita	Public jobs (services)	Business licence	Government fund
Actual	Show a high degree of independence	Believe in their right. No fear	Overcome business family manipulation	Obtain job, start the business and even informal business	Use Wassita to obtain licence	Wassita to obtain funding
	Convince their families	Less aggressive, submit to control, use Wassita	Obtain government funds	-	No licence but start an information business	Use alternative methods of funding

5.4. Comparison Showing the Similarities and Differences between Intending and Actual Entrepreneurs Resulting From Informal and Formal Institutions

A comparison of how informal and formal institutions affect the intending and actual entrepreneurs is provided in Table 10. It shows the differences and similarities between those who had the intention and those who had already succeeded in becoming entrepreneurs. It shows that those who become actual entrepreneurs demonstrated a high degree of independence or even maturity

as young people. They are better able to convince their families into supporting them in having their own business. They are more determined in their intention and do not hide their intentions and can confront the taken-for-granted reality(ies). They do not fear family boycott and do not even surrender to family pressures like those who do not succeed. There appears to be a personal aspect to this where a more mature and challenging attitude brings about better results.

Secondly, in terms of the influence of business families, a more persistent approach involving an aggressive struggle to obtain legitimation, yields better outcomes. Here a young person has to show a lack of fear, and the right to set up a business. Those young people who gave up the struggle often failed to achieve the relevant sanctions and did not become actual entrepreneurs.

Finally, another informal institution that has a lot of influence on the engagement of young people in entrepreneurship is Wassita. Young people have to achieve, find, convince and obtain legitimation through connections, in the form of a Wassita which is needed to obtain a business licence and also to secure government funding. They have to be careful to avoid the manipulation by business families. This requires a very careful way of dealing and communicating with relevant stakeholders.

Furthermore, in terms of formal institutions there are three questions. Firstly, governmental departments that offer job opportunities to young Kuwaitis: because every citizen in the country is guaranteed a governmental job, those who only have a weak intention to set up their own business heed to this opportunity offered by the government and take up a public job. However, those with greater motivation and willpower either take the risk and embrace entrepreneurship or choose to take up a job and then use their earnings to set up a business; even if it is an informal business that does not carry a licence. But getting a licence is crucial, as that enables them to get the funding from the government and even banks. However, those who are extremely dedicated will source the funding from many alternatives.

Table 10: Impact of Informal and Formal Institutions on Intending and Actual Entrepreneurs

	Informal			Formal		
Institution→	Family	Business (class) families	Wassita	Public jobs (services)	Business licence	Government fund
Intending	Hide intention	Personal drive to achieve	Obtain legitimation	Automatic job as a citizen welfare	No licence	No funding
	Confront family	Obtain sanction	Obtain business licence	Achievement drive	-	-
	Family boycott	Give up the struggle	Obtain government funding	Given into the challenge	-	-
	Surrender to family pressure	-	-	Informal business start-up	-	-
Actual	Show a high degree of independence	Believe in their right. No fear	Overcome business family manipulation	Obtain job, start the business and even informal business	Use Wassita to obtain licence	Wassita to obtain funding
	Convince their families	Less aggressive, submit to control, use Wassita	Obtain government funds	-	No licence but start an information business	Use alternative methods of funding

Table 10 shows that institutions affect intending entrepreneurs, where the (in)formal institutions have a number of impacts within the informal institutional remit. Firstly, families discourage their members from getting involved in entrepreneurship. This results in some of the young people hiding their intention to become entrepreneurs, to avoid family pressures and 'backlash'. However, some do confront their families about their intentions and actions and express their intention to achieve on their own merit. But many did surrender to family pressures, and gave up their intention to become entrepreneurs. Secondly, business families want to protect their share in the Kuwaiti market by preventing new entrepreneurs from entering the business world. But some young people feel very strongly about this and believe that it is their right also to become business owners and it is not the sole right for business family members only. Some even attempted to forge an alliance with a member of the business community in starting the business, or having a Wassita to obtain sanctions from business families for starting the business. Some young people gave up their struggle and quit the battle to become entrepreneurs. Thirdly, young people had to resort to obtaining Wassita assistance. It is an informal solution for some institutions to help intending entrepreneurs to start up their business, such as: overcoming the business family manipulation as mentioned above; overcoming the business registration procedure and granting business licences and granting formal funds from the government.

However, the formal institutions also had a lot of impact; firstly, public jobs are granted for any young Kuwaiti people who are 18 years old, with comfortable conditions and a good salary. This is a way for the government to share the

wealth with citizens in a form of welfare state. Some young people are driven by the need for achievement and see those kinds of jobs as full of routine and they waste their time and effort in them. Also, they are not comfortable with the retirement salary. So they decide to become involved in entrepreneurship. But some of them gave up the hassle of starting up the business with all earlier challenges evolving from different institutions and applying for the public sector jobs. Some only took a government job in order to secure savings for a business venture, as informal entrepreneurs. Secondly, the Business Licensing Department followed a bureaucratic process and it became a very difficult and long process for some young people to continue for that reason. Some used a Wassita to obtain a licence, whereas others resorted to running unofficial businesses without having a licence.

Finally, the Governmental Fund existed to promote entrepreneurship within young people in the country, at least on paper, however, obtaining this fund was difficult and it was under the control of business families. Some young people could not be granted it and they terminated their quest for entrepreneurship, others resorted to searching for alternative financial sources to start up a business. However, some sought the help of Wassita to obtain it and were successful.

Furthermore, this section explains how the institutions affected the actual entrepreneurs. Within the remit of informal institutions, firstly, working families as an institution, discouraged their members from entering entrepreneurship.

However, most young people demonstrated their independence and were not affected by their families' boycott from giving any assistance or Wassita to them in order to start a business.

But some do show a high degree of independence and convince their families about the positive aspects of the business and furthermore make them partners in the business. Secondly, business families want to protect their share in the Kuwaiti market by preventing new entrepreneurs from joining in. The committed young people believe that it is also their right to become business owners and it is not their sole right only for the business family members. Driven by their need for achievement they do not fear the threat coming from the business families' manipulation of the market. Some young people are less aggressive in dealing with business families and resort to an alliance of some sort or seek help from Wassita to make the business families bless their business expansion. Thirdly, Wassita is an informal solution for some institutions to help intending entrepreneurs to start up their business, such as overcoming the business families' manipulation as mentioned above. Also grant formal fund from the government.

However, the formal institutions have the following implications on actual entrepreneurs: firstly, a public job is granted to any young Kuwaiti people who are 18 years old, with comfortable conditions and a good salary. This is a way for the government to share the wealth with citizens in a form of welfare state. Some of them join the sector to secure a financial resource to start up the business, as informal entrepreneurs.

The Business Licensing Department does prolong the obtaining of the licence but determined young people use a Wassita to obtain the licence. Others own their unofficial business without having a licence. Finally, the Governmental Fund was the government's way to promote entrepreneurship within young people in the country, however obtaining this fund is so challenging and influenced by business families but some young people referred to a Wassita for help.

5.5. Conclusion

This chosen social constructionist approach was used in making sense of how formal and informal institutions influenced the entrepreneurial intentions and actions of Kuwaiti youth. This was achieved through interpreting the meanings, notions and connotations relevant to the impact of informal and formal institutions on intending and actual entrepreneurs. Hence, during the analysis of this study, the thematic analysis will be used in relation to interpretation of the meanings showing a link between institutions and their impact on entrepreneurship. The chapter presented the impact of informal and formal institutions on intending entrepreneurs with intentions (and actions) to set up a business and actual entrepreneurs with intentions and actions to set up a business. It then provided an overall comparison showing the similarities and differences between intending and actual entrepreneurs resulting from informal and formal institutions in the third section. A number of key insights have emerged:

- Institutions are important in facilitating entrepreneurship – it was discovered that informal and formal institutions are important later in a

person's life. Encouragement and endorsement, albeit different types, are needed from both. Young people, as social agents, need positive reinforcement, sanctioning and legitimation generally. Although some are very highly determined to set up a business regardless of such backing.

- In order to become actual entrepreneurs young people need to demonstrate independence within their families and in making relevant connections, such as finding and using Wassita.
- Formal institutions have an influence on informal institutions, such as family, for example job guarantees from the government is a huge swaying factor from the family/parents' point of view. They see that as security and helpful for the future.
- Young males and females have the same challenges in terms of the impact of institutions upon them. Although young females do not have as many hurdles as they used to they still have to face a hurdle like their male counterparts. Male members have found their own routes for attaining legitimation and approval.
- Institutions have changed over time, such as families that used to encourage greater entrepreneurship but now they are against it. Amongst general contextual changes, many changes have occurred to the key institutions concerned with entrepreneurs, such as family, Wassita and even banking.
- Governmental strategy is ineffective in encouraging entrepreneurship in terms of education and hurdles. Despite the government allocating financial resources towards entrepreneurial development, the coordination, development and publicity raising the awareness and

importance is still rather ad hoc. A more organised approach did not show during the data analysis.

It became clear during the data analysis that informal enterprises were very popular alternatives for intending entrepreneurs who could not attain legitimization. This was due to them facing many types of hurdles, such as informal enterprises that often go undetected and unrecognised.

CHAPTER SIX: DISCUSSION

6.1. Chapter Introduction

This chapter provides a discussion about how institutional theory plays a significant role in understanding the nature, effect and evolution of institutions in influencing entrepreneurship intentions and actions of young Kuwaitis. As discussed in chapter 2, Kuwaiti institutions are complex and dominant entities in society. This chapter shows, firstly, how institutional theories have helped to understand the nature of entrepreneurship and, secondly, it shows the effects of institutions on young people and their engagement with the entrepreneurship process. It also highlights the evolution of institutions, their domination and impact through the process of regulation, norms and even cognition. It discusses the contributions of institutional theory in understanding the role of institutions in Kuwait in influencing the entrepreneurship of young Kuwaitis. It highlights key emerging insights that have emerged from the use of this theory and summarises the key theoretical aspects and constructs that have been enhanced/developed by the researcher. Four distinct contributions of this research are provided that show: a connection between institutions and entrepreneurship of young people; existence and impact of informal and formal institutions; changing role of institutions in the changing Kuwaiti society; interconnections between different institutions. Thus, a lot of useful, practical and theoretical contributions have to be made by this research.

6.2. Research Insights Based on Institutional Theory

In this research, a number of useful insights have emerged from using institutional theory as a sense-making device. Thus, they serve as an important contribution, one that helps to understand the entrepreneurial picture in the Kuwaiti context. Interestingly these are interlinked and interdependent, where they are affected not only by society but also by one another. For instance, there is a connection between the welfare state and the family, whereby many families believe that the state welfare is their saviour and do not push for entrepreneurship in children, due to the risks involved. The overall insight that underpins them is that institutions are pertinent entities that have a huge influence on youth entrepreneurship. The five insights are presented in the subsections to follow:

6.2.1. Insight 1: Existence of a Strong Influence of Institutions on Entrepreneurship in Kuwait.

This research has revealed that there are at least six predominant institutions that are influential and, in terms of entrepreneurship, influence young Kuwaitis (three informal: family, Wassita and business families; and three formal: government welfare state (offering jobs), government fund and business licensing). This research successfully shows how these institutions affected the research subjects in a variety of ways, which includes: family endorsing or not endorsing entrepreneurial intention and action; Wassita seen as a hope and saviour; and business families showing their domination. For example, the latter needed to be convinced and reassured about their own interests. On the other hand, the government's public welfare pledge in the form of offering jobs to every school leaver was seen as a safe haven for the nation's youngsters from

unemployment. So, entrepreneurs are both constrained and enabled by the institutions in their environment (Bruton et al., 2010). Contextual factors such as governments initiatives is crucial in constructing and maintaining entrepreneurial drive.

Likewise, Grilo and Thurik (2005) and Fatoki and Chindoga (2011) argue that there is a relationship between formal institutions such as law, legislation and government policies on young people's intentions and decisions to be involved in entrepreneurial activities (Gartner and Carter, 2003). On the other hand, it was argued that informal institutions can frame and shape young people's intentions and decisions to be involved in entrepreneurial activity (Fatoki and Chindoga, 2011; Thornton et al., 2011; Reynolds and Curtin, 2009; Hopp and Stephan, 2012; Stephan and Uhlaner, 2010). However, this research goes further and expresses the role that these institutions play in a young person's life.

The results show that most institutions play an important role in shaping the intentions of young persons, however, they can do more to promote entrepreneurship. The notion of entrepreneurship and young people does not receive as much attention as it should and tends to provoke a negative response, at least on the face of it. It appears to be the case that those intending entrepreneurs who have strong personalities tend to be able to overcome constraints and they do this both openly and covertly. They often hide

this from the family as an informal institution and also from government licensing as a formal institution.

Thereby, this research discovered that family as an informal institution and government as a formal institution, appear to be most influential in this stage of the young person's life. The route of becoming an entrepreneur is challenged more by institutions that impose several types of restrictions. Therefore, a more nurturing and 'organic' approach is needed in helping younger people to enter the world of business in Kuwait. It is reported in the literature that institutions influence the entrepreneurial process through laws, regulations and policies that are directly controlled by state government (Scott, 1995; Kostova, 1997; Ahmad and Hoffmann, 2008). For example, Fogel et al. (2006) describe four types of government according to their contribution to the entrepreneurial process: corrupted government, insufficient government, extreme government and good government. This research reveals a need for a stronger governmental involvement.

6.2.2. Insight 2: Institutions Change Over Time

. The research shows that institutions change and evolve over time. This section shows how they change and the subsequent role that they play. The results reveal how past and new aspects of institutional interferences, interactions and involvement affect Kuwaiti youth. Some of these changes that become obvious about the institutions are discussed in the subsections to follow.

Firstly, an average working family, as an institution, associates more credibility, security and future stability with government jobs, rather than allowing their child to enter entrepreneurship and develop their talents as used to happen in the past. For example, an 'average' family believes government jobs are easier to enter and provide better stability and income. This can be linked to security enabled by government jobs and also to the background of parents. This phenomenon has been mentioned in the literature, where Polin et al. (2016) explore the impact of parents' careers on the entrepreneurial intentions of children, in particular from the self-employed. They find that university students with self-employed parents are likely to express greater interest in engaging in entrepreneurial activity than their peers without self-employed parents. This attitude is similar to what was found in this research. However, this research shows how this was played out in the family as an institution, given that the family's social construction approach enabled a closer look. Baumol (1993) defined this situation as unproductive and destructive to entrepreneurship. This is of particular importance to intending and actual entrepreneurs as the novelty of the perception of the entrepreneurial process may influence its reception in society. Nanda and Khanna (2010) state that having self-employed parents increases the probability of starting one's own firm by 29%. Klyver and Foley (2012) also argue that an entrepreneur's family members play an important role in the entrepreneurial process as they tend to be influential in the start-up phase where they most often provide the entrepreneur with emotional support or financial resources. Often, when family does play a role, it is because the family members are informal investors (Anderson et al., 2005) or providers of emotional support (Klyver and Foley, 2012).

Secondly, this research discovered how Wassita has become a political mechanism in the Kuwaiti context, whereby an approval and sanction through Wassita is a necessity. For example, one of the research subjects confirmed that due to having endorsement through the Wassita they managed to get a licence within two weeks as opposed to six months like one of their friends. However, in order to achieve this, not only a high level of motivation, initiative and determination is needed by the young person but they also need to have excellent communication, personal, liaison, self-control/self-focus and leadership skills. The literature actually endorses this research discovery that an entrepreneur needs to have the main characteristic necessary for entrepreneurs which is their internal locus of control. According to Leone and Burns (2000), locus of control is the person's ability to control an event in their life. In the locus of control theory Rotter (1966) suggests that an individual's locus of control can be seen as internal or external (Koh, 1996; Hansemark, 1998; Thomas and Mueller, 2000; Utsch and Rauch, 2000). Also, entrepreneurial opportunities can be impacted by two factors: a change in the external environment (new opportunities) and individual factors (personality traits) (Shane and Venkataraman, 2000).

So Wassita has become an institution for those with soft skills rather than for all with a serious idea. Mortana et al. (2014) note that it is not only intention but also emotional intelligence that leads to entrepreneurship (such as appraisal and expression of emotions, regulation of emotions and utilisation of emotions) and entrepreneurial intention mediated by entrepreneurial self-efficacy, controlling the influence of personality factors and demographic variables. Emotional intelligence refers to the mental processes involved in the

recognition, use, understanding and management of emotional states to solve problems and regulate behaviour.

Thirdly, this research discovered how business families in the past, as the business class, provided support, mentoring and nurturing to people with credible business ideas and intentions. However, a more competitive dominant and scrupulous attitude is shown in current times. Nowadays, more of a rival approach is taken by business family, where a young person has to be careful not to be seen as a 'challenge' to them. For example, one of the research subjects stated that when he was applying to the government fund, business families managed to imitate his business idea and they prolonged the time taken to respond to his application, in order to bring the idea into fruition by their own accord while the applicant would see his attempt to obtain funds as useless.

Fourthly, the government welfare has evolved, in the form of offering jobs to native school leavers/graduates. In Kuwait, this has resulted in an over-reliance on government at the expense of engaging in entrepreneurship. Over time, such government 'generosity' has been increasing, leading to a lower level of willingness in the indigenous population to engage in business. However, due to recent oil crises and a lesser ability of the government to provide such generous benefits, the balance could tilt. This phenomenon has been mentioned in the literature, where Acs et al. (2008) write that countries with greater increase-wealth-motivated entrepreneurs usually have higher levels of job-growth orientation and export-oriented entrepreneurship. However, social security

benefits discourage the levels of innovative, job-growth and export-oriented entrepreneurship.

As in this research, many other studies suggest that the government has a key role in creating an environment to foster entrepreneurship. Thus, there seems to be some room for a welfare state to reform itself in ways that promote the entrepreneurial process (Hjerm, 2004). Still, other studies (Henrekson, 2005; Mafi-Kreft and Sobel, 2006) argue that the welfare state, by definition, has a high aggregate tax burden, and this imposes high tax rates on labour and on locally produced services. As a result, it will be difficult to promote the entrepreneurial process as much as in low-tax countries. On the same note, more often than not oil-rich countries are welfare states, as their governments use a redistributive instrument for 'wealth' in order to pacify the potential political unrest and to stay within political power. These governments maximise welfare benefits by employing as many public sector workers as possible (Alesina et al., 1998; Robinson et al., 2006; Bjorvatn and Farzanegan, 2013).

There are other research results suggesting that such disincentives to savings and individual wealth accumulation are likely to lower the likelihood of individuals to be involved in the entrepreneurial process (Hjerm, 2004; Mafi-Kreft and Sobel, 2006). Also, there is substantial scientific evidence supporting the idea that an individual's wealth has an impact on their opportunity to become an entrepreneur and their ability to progress (Henrekson, 2005).

Sixthly, the Business Licensing Department as an institution has evolved in that over the years the attainment of a business licence has become difficult,

particularly for younger members of society. The process of obtaining a licence has become more difficult, involving many types of justifications and references. This research has discovered how this has been persistently deterring young people from applying for and entering the world of business. Most importantly, many have been engaging in business without a licence, which is referred to as informal entrepreneurship. Thus, the government is unaware that many businesses actually exist. In fact, the business sector is becoming rather 'unregulated'. Furthermore, the researcher has found that the new technology is playing a significant role in facilitating unlicensed businesses, such as the use of e-business. Thus, the licence department needs to re-evaluate its approach and its original tenets of service. In fact, literature states that formal institutions are powerful, for example a corrupt government can present bad policies, i.e. subsidies, to insufficiently governed firms run by their allies that can phase out private investments (Fogel et al., 2006). Alternatively, a corrupt bureaucrat can grant an operating licence to a relative, friend or even himself. The licence provider can then buy the entrepreneur out at a beneficial price, force a joint venture upon them, or bankrupt the entrepreneur and then set up a copycat operation. In these ways, bureaucrats or parties with political influence can grab the predominant share the entrepreneur would otherwise have earned (Aidis and Van Praag, 2007).

Finally, the Entrepreneurship Fund Department, as an institution, has evolved in that the purpose of the Entrepreneurship Fund was to facilitate business. Currently the fund is valued at 20 million KWD. However, this research has discovered that it is too difficult to obtain funding from this pot and it falls short of encouraging young people who often need to obtain a licence prior to

application to obtain this. They need an approval or legitimation and they need to be well versed with the application process. In the government understanding the existence of the fund is sufficient to motivate people, however, much more effort is needed, which involves working with a number of institutions to facilitate this, for example, decreasing the influence of business families and easing the business licence procedures.

Therefore, this research shows how all six key institutions have changed, which has an impact on their relationship with Kuwaiti citizens, including youth wanting to enter entrepreneurship. Thus, institutions are key, as North (1990) defines 'institutions' as "humanly devised constraints that shape and guide human interactions. They reduce uncertainty in everyday life by providing a structure to human interaction and behaviour" (North, 1990: 3). According to North (1994), the main function of institutions in a society is to reduce uncertainty by giving a stable structure to human interaction. The uncertainty comes from incomplete information about the behaviour of other individuals in the process of human interaction.

Many research subjects believe that changes in the key institutions have resulted in them creating more challenges for youth to enter entrepreneurship. Thus, this has led to the discouragement of young Kuwaitis. This, in terms of the adaptive efficiency notion by North (1990, 2006), has led institutions to create a rather hostile, bureaucratic and uncooperative environment for young Kuwaitis to start their business. This is why North (1990:3) defines them as: "the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction". He introduced the term 'adaptive efficiency' whereby institutions change and influence society along with them.

Others, such as Scott (2008:49), define institutions as being “comprised of regulative, normative, and cultural cognitive elements that, together with associated activities and resources, provide stability and meaning to social life”.

6.2.3. Insight 3: Interaction between Institutions

This research has discovered how there is a direct and indirect impact or interdependence of institutions upon one another. Mostly the impact has been from the formal institutions on informal institutions. Although formal institutions are no more than organised entities that have emerged from society, the relationship between institutions, such as the government fund and Wassita, or even the influence of business families in securing funding from the government, or even from conventional banks. This is also reported in the literature, where writers like Wennekers et al. (2005) note that different institutional frameworks offer different incentives for entrepreneurs.

Therefore, for a Kuwaiti the relationship between institutions adds another layer of complexity that a young person needs to be able to process. Some see it as a daunting and challenging prospect. The links between institutions are not always clear; in some cases they are covert and indirect. These links often mean that young people need to be well versed with the art of managing the relationship. In the literature, Puffer et al. (2010) note that transition economies often suffer from underdeveloped formal institutions that lead to an unstable environment and creation of a void that is then filled by informal institutions. Thus, there is more uncertainty for entrepreneurs in such a context as they face

more risk than those in more developed economies. They analysed how the void of formal institutions in transition economies affects the relationship between entrepreneurship and institutions, and how this is different from developed economies. They consider the environmental context and the gap created by formal institutions, such as the security of private property rights, and how traditions and informal institutions fill such voids. They explain the need for entrepreneurs to rely culturally on informal institutions to conduct their operations. In this research, the relationship becomes apparent in the following forms:

- Direct link between institutions, such as between Wassita and government entrepreneurship fund.
- Indirect link between institutions, such as the existence of government welfare and family insisting a young person does not engage in entrepreneurship.
- Influence of informal and formal institutions on society, especially facilities of intending entrepreneurship. The image, the impact and domination over others.

Different individuals give different meanings to different institutions. They have social interpretations for these institutions and attach a value to these, for instance Wassita and government welfare are seen as saviours, whereas business families and banks are seen as too profiteering. The government fund as an organisation is seen as an opportunity but they have to invest a lot of money themselves and obtain and utilise this funding

6.2.4. Insight 4: Young Kuwaitis Have Strong Entrepreneurial Intentions and Actions

The results show how Kuwaiti youth actively seek to engage in entrepreneurial activities. Many have firm intentions and after many attempts and overcoming hurdles a small proportion do succeed in becoming entrepreneurs. This shows that despite decades of governmental welfare benefits, lack of entrepreneurial push and stimuli, young people still have significant personal drive to prove themselves and enter the world of business. Two key factors emerging from the findings are that gender and education do not play a significant role. This goes against the literature, for example, Bjorvatn and Farzanegan (2013) argue that while the unproductive public sector expands, the productive private sector, represented by the rate of start-ups, tends to decline. Furthermore, overall observation shows that economies with a higher degree of dependence on natural resource wealth are suffering from lower economic growth than those who do not have such resource dependence (Sachs and Warner, 2001).

The results of this research show that the type and level of education did not have much impact on the entrepreneurial drive of young Kuwaitis. For example, one of the research subjects stated that he was not academically bright, therefore, he did not go on to higher education and started his own business and became very successful. This is similar to what is reported in the literature, by writers like Yousaf et al. (2014) who found that students' entrepreneurial attitude, perceived desirability and subjective norms significantly lead to the development of student intentions to become entrepreneurs. But students' existing skills and capabilities are not significant predictors of their intentions to

become entrepreneurs. Thus, they can become successful entrepreneurs even without existing entrepreneurial skills and capabilities, provided that they have the entrepreneurial attitude, desirability and support from the community. It may be their need and necessity that leads to them becoming entrepreneurs. Those who had the intention and drive and were resilient to family pressures were more successful in achieving their goals.

However, the intending entrepreneurs had to demonstrate their ability to communicate at all levels, question the taken-for-granted assumptions, plan their business ideas and show their innovativeness. They also had to obtain relevant approval and legitimation from the appropriate informal and formal institutions that affected them. These skills and attributes could, in fact, be outcomes of their educational background or they are simply personally or socially developed phenomena. For example, in the literature it is reported by writers like Gohman (2012) that if individuals' values and beliefs are influenced by their culture, then they are likely to affect their decision to become self-employed. For example, Freytag and Thurik (2007) find that individuals in post-communist countries are less likely to prefer to be self-employed. Wennekers et al. (2005) examine cultural attitudes towards uncertainty and find that business ownership increases with uncertainty avoidance.

Secondly, contrary to the literature, it was found that the gender factors did not have as much impact as the formulation and action of entrepreneurial intention as one would expect from this part of the world (Hofstede, 2013; Saridakis et

al., 2014). The results reveal that females have just as much drive as males. An example of combining person-oriented with context-related work was given by Sternberg and Wennekers (2005) who distinguished four factors affecting the entrepreneurial process: the national environment (for example, countrywide laws), the regional environment (for example, gross domestic product – ‘GDP’ – per capita), the microenvironment (for example, role models among friends or family) and the characteristics of the (potential) founder (for example, age and gender). This research shows that in Kuwait females can participate in traditionally male dominated institutions through a male relative or simply visit the ones set up for females. The reaction of all key emerging institutions towards both gender groups was very similar. For example, the family would set up just as many barriers to men as it would do to women. Although females would have certain extra conditions imposed on them, the main issue being their marriage and expectations to become a housekeeper rather than being engaged with business that would involve interacting with males, which is a religious taboo and against the religious custom. However, due to the evolution of institutions, the opposition to women, as per the results collected, has reduced dramatically. So, there is evidence that female youth are also independent and have high aspirations that they wish to achieve.

6.2.5. Insight 5: Strong Drive of Young Intending Kuwaitis Leads To Informal Entrepreneurship

This research shows how those intending young people who did not gain approval from formal institutions and on occasions informal institutions were disappointed. However, their frustration led them to set up informal businesses

in bypassing the barriers. For example, as Cuervo-Cazurra (2006) noted, in some transitional economies, if a 'corrupt' government controls bank loans, business formation, investment size and finance, a corrupt bureaucrat can demand a bribe of anything up to the value of the business for granting the licence.

However, the findings of this research indicate that the need to achieve self-aspirations, objectives and motives led young entrepreneurs to set up informal ventures. It goes to show their high degree of determination, which is opposite to the general belief of government that holds a view that the young people of Kuwait do not participate in entrepreneurship. For example, in order to operate successfully in an institutionally weak transitional economy (Peng and Heath, 1996; Svensson, 2003) bribes are used. However, bribes could affect business returns negatively because high levels of bribery increasingly absorb the returns on entrepreneurial activities. They distort entrepreneurial spirit, intentions, actions and behaviour (De Jong et al., 2012). However, an extreme governmentality can be just as bad, in the form of awkward regulations and difficult rules that can increase the costs of running a new business to the point where efforts made in managing this business by an entrepreneur seem pointless or unstable, and continuous revision to macroeconomic policies can create uncertainties that make long-term investments unnecessarily risky (Fogel et al., 2006).

For example, Djankov et al. (2007) report the number of regulatory step procedures that are required in establishing a small business and the time needed to accomplish these steps in 85 countries. Their research also reveals that the Kuwaiti government appeared to be unaware of the informal business

community. Thus, the population of Kuwait is apparently much better equipped to help its economy than perceived. Informal businesses are unlicensed and unregistered but they can operate with only a few obstacles. Due to a lack of legal backing, such entrepreneurs carry a high degree of risk to themselves and even the public as they do not have an indemnity. They can trade on the high street but although they are unregistered and unlicensed, they can be successful. Insufficient governments that have gaps or a lack of suitable entrepreneurship regulations, policies and laws, hinder individuals from becoming involved in the entrepreneurial process (Smallbone and Welter, 2012).

Furthermore, these governments fail to protect the rights of the less well-off and this has a very negative implication for entrepreneurship. As those making such a move will become demotivated, knowing that their business can be seized by someone with power, manipulating regulations to their benefit (Fogel et al., 2006), this limits entrepreneurs in pursuing a business, and it even discourages their interests and intentions to become entrepreneurs (Stenholm and Wuebker, 2013). Good governments raise transactional trust (Fogel et al., 2006) and so facilitate the entrepreneurial process through regulative activities (Busenitz et al., 2000).

Many disappointed youth, as reported in this research, engage in informal entrepreneurship as it is cheaper to enter, a flexible way of working and they can exploit new technology in their trade, such as the use of e-commerce and social media, which become their prime tools of trade. An interesting case of a developing but cash-rich country like Kuwait is presented in the literature by

Pereira (2007), who reports that Singapore faced a low level of entrepreneurship in 2001. In order to increase this, they introduced an economic policy called the Technopreneurship 21 programme and also embarked upon a campaign to create a more pro-entrepreneurial society. Therefore, technology becomes a great aid, especially in such situations.

However, in this research it was found that informal entrepreneurs can only fulfil a limited number of their aspirations, as they can only sell limited types of goods and services, maybe at the lower end of the profitability spectrum. They fear the authority, especially customer complaints. Therefore, the informal approach to engaging in entrepreneurship is a weak alternative for entrepreneurs. In some cases they turn from informal to formal institutions, and, in some cases, some have given up their day jobs to become entrepreneurs. In the case of the latter they would only consider themselves to be successful if they double their salary. The government could further support the society by promoting an enterprise culture so that parents understand the importance of the entrepreneurial process to the economy (Robertson et al., 2003). Good governments often motivate entrepreneurs to start up a small business to earn a living, by ensuring entrepreneurs have the ownership of their businesses, legal administration for their business contracts, basic communication and transportation infrastructure, and a skilful workforce from which to hire (Gohmann, 2012).

The insights have enabled the researcher to answer the research questions he sought to answer. These are provided below along with a narrative on how they have been achieved:

Main research question (RQ): *How do institutions affect entrepreneurial intentions and actions among Kuwaiti youth?*

The results clearly show that there are formal and informal institutions in Kuwait that influence entrepreneurship. From these institutions, six in particular have a great deal of impact both on the formulation of intention and then taking an action to enter entrepreneurship. These institutions have been changing and evolving over time leading to a change in attitudes.

Furthermore, these institutions interact with one another and some have an influence on one another. This phenomenon leads to a greater impact on young people than on older adults, which makes the task of setting up a business complicated given their lack of experience, partly because they need to understand the interrelationships.

Sub-question 1: *What role do particular institutions play in influencing Kuwaiti youth to formulate an entrepreneurial intention?*

It became clear that key institutions facilitate and hinder the process of innovations and idea formation and the degree of aspirations held by a young person. It became apparent that a lack of approval, endorsement, encouragement and legitimation served as hurdles. A lack of institutional backing led to suppression of intentions for entrepreneurship. Thus, this affects

the sense of achievement and self-efficacy leading to an increase or a decrease in their appetite to engage in business activity.

Sub-question 2: What role do particular institutions play in assisting Kuwaiti youth to develop ideas and plans and bring them into existence through their action?

There are a number of Kuwaiti institutions that influence youth but only a few that nurture their ideas and help them to become entrepreneurs. The resources available are mainly available at school or university level, however, there appears to be no channel for formal advice on access to business and commerce. There is a government fund for engaging in entrepreneurship but obtaining that is difficult. One needs to obtain the sanction from informal institutions, like Wassita. This does not depend on one's ideas but on personality attributes which are needed to gain legitimacy and approval. A young person has to demonstrate this in their dealings with all these institutions. Therefore, the research has succeeded in meeting the research aim of improving academic and practitioner understanding of how institutions affect entrepreneurial intentions and actions among Kuwaiti youth.

6.3. Institutional Theory vs. Nature, Effect and Evolution of Institutions in the Kuwaiti Context

In this research, the central tenets of institutional theory were used in analysing the results of this study to understand the entrepreneurial behaviour of young

people in Kuwait. Key institutional theory writings were reviewed (DiMaggio and Powell, 1983, 1991; North, 1990; Scott, 2008; Veciana and Urbano, 2008) as they advocate the importance of institutional theory in understanding social institutions. These scholars were key, not only in explaining the nature of institutional theory, but its possible effect on organisations. The results provided in the previous chapter indicate that it is indeed true that formal and informal institutions in Kuwait do define the 'rules of the game' (DiMaggio and Powell, 1983, 1991; North, 1990; Veciana and Urbano, 2008) as they structure the enterprise-related interactions in Kuwaiti society. Six key institutions emerged as being most active during this research. Three formal institutions were: government welfare state (for jobs), government fund for entrepreneurship, Business Licensing Department; and three informal institutions were: Wassita, business families (business community of the country), and working family (vast numbers of the ordinary population). The formal and informal institutional environment, in which entrepreneurs operate, was found to influence how entrepreneurs use resources at their disposal. This supports Welter and Smallbone's (2011) argument that formal and informal institutions directly define the way the economic game is played (and policies are defined). Institutional theory has helped to make better sense of the collected data and, in looking at the nature of each of these six institutions in Kuwait, also how they have evolved to impact Kuwaiti society.

North (1990) believes that all institutions create humanly envisioned constraints that structure political, economic and social interactions. The theory suggests that institutions change and also influence a change in society and other

institutions as a process of adaptation and efficiency. The organisational actions are bound by rules. This was evidenced in this research where it was found that institutions have a strong impact on young Kuwaitis who hold entrepreneurial intentions and want to take action to become successful entrepreneurs. North's assumption is that institutions are strong entities in society that will have existed for a long time, and are even recognised by the government. He argues that humanly devised constraints shape human interaction and believes that institutions are made up of both informal and formal constraints. The informal constraints and rules are concerned with values, norms, sanctions, taboos, customs, traditions and codes of conduct. Informal institutions (Ostrom, 2007) are quite invisible, difficult to recognise and measure, and are concepts that exist in the minds of participants rather than a written form or physical location. Ostrom (2007) states that they are deeply buried under the regularities of observed behaviour, causing researchers to face problems of learning.

The formal constraints and rules are concerned with constitutions, laws, economic rules, property rights and contracts. This is referred to as formal institutions by several scholars (Scott, 1995; Kostova, 1997; Ahmad and Hoffmann, 2008) who state that formal institutions are concerned with laws, regulations and policies that are directly controlled by the state government. Similarly, it was found in this research that institutions influence one another and there is an interaction between them; some are more dominant than others. Generally, formal institutions have more authority/recognition – they either have a direct influence or they have an indirect influence. These formal and informal constraints are then used by Kuwaiti youth in formulating their intentions,

motivations and aspirations to succeed. They succeed through institutional encouragement, endorsement, sanctioning, funding and regulation. The outcomes then were that the youth were encouraged, endorsed, given the sanction, funded and the regulations helped such youth.

According to North (1990) and Coase (1992) institutions create order and reduce uncertainty through standard constraints of economics theory. This perspective emphasises transaction, production costs, the profitability and feasibility of engaging in economic activity. Hence, the existence of bureaucratic procedures in endorsing new entrepreneurship ventures is one way for Kuwaiti institutions to reduce uncertainties and risk, although this has led many young entrepreneurs to create informal enterprises if they could not achieve a formal approach. If they were not provided with the necessary encouragement or endorsement, and were not given the funding, they would seek to set up informal entrepreneurship and did not conform to regulations. Here, they normally entered into informal entrepreneurship temporarily. For informal entrepreneurs, the transaction cost of setting up a business was much lower, but the degree of risk was very high, especially if a customer complained.

According to North (1990), institutions evolve slowly and connect the past with the present and the future. It was also found in this research that institutions changed over time, which impacted the society, including young people with entrepreneurial intentions. It was found that institutional change was seldom positive towards youth entrepreneurship and normally negative, leading to

termination of their quest to become entrepreneurs or even become informal entrepreneurs.

Furthermore, this research has also endorsed institutional theory writings of Scott (2008) and Veciana and Urbano (2008) who develop upon North's (1990) work. They propose that institutions are comprised of regulative, normative and cultural cognitive elements that, together with associated activities and resources, provide stability and meaning to social life. These aspects were experienced in various ways in this research where there were formal and informal institutions regulating the uptake and persistence of individuals to become entrepreneurs. The regulative aspects were normally imposed by formal institutions, whereas the normative and cognitive-cultural aspects were normally imposed by informal institutions, such as family.

6.3. Key Evolving Institutions in Kuwait

All six institutions have evolved to impose the regulative, normative and cultural constraints in Kuwait and they are interdependent upon one another to provide evidence of their existence. It became apparent in this research that these institutions have come to rely upon particular meaning systems and related behaviour patterns, which contain symbolic aspects, including representational, constitutive and normative elements that are enforced by regulatory processes. This research shows that in Kuwait, institutions have evolved and are transported by various carriers: culture, structure and routines and they operate at multiple levels of jurisdiction. In the case of Kuwait and the notion of Wassita, the role of business families has been present ever since the existence of

Kuwait. Although in recent decades the government's welfare provision and its funding to help its population to start businesses and then registering these businesses through licensing arrangements has been a recent phenomenon, it was discovered in the results chapter that all these institutions, at least in the case of youth entrepreneurship, pose a certain degree of challenge. For instance, they often lacked endorsement from immediate family, especially if it was a working-class family, because working-class families view government welfare as a saviour as it promises a job to young people. They see it as a security and thus a very suitable option. Other deterring factors for young people that result in them giving up their struggle to become entrepreneurs were associated with the difficulty in obtaining a sanction (approval) from a business family, and from a Wassita, which is an obstacle in obtaining a business operating licence.

Therefore, hurdles posed by institutions often resulted in young people either terminating their race towards the entrepreneurial journey or setting up informal ventures in Kuwait. Fogel et al. (2006) also noted that extreme governmentality can be just as bad, in the form of awkward regulations and difficult rules that can raise the costs of running a new business to the point where efforts made in managing this business by an entrepreneur seem pointless. Institutions in Kuwait pose more challenges than enablers using formality and their own interests to prevent young people from entering the entrepreneurial game. The role played by institutions is crucial to entrepreneurship in Kuwait, which is in line with the view of Fatoki and Chindoga (2011) and Thornton et al. (2011) who

suggest that (informal) institutions will impede or support young people's actions in starting up their small business.

However, returning to Scott's (2008) regulative, normative and cultural-cognitive dimensions, firstly, the regulatory dimension or component of the institutional profile consists of laws, regulations, rules and government policies in a particular national environment, which promotes certain types of behaviour and restricts others. The regulative processes consist of rule-setting, monitoring and sanctioning activities. Here, regulative processes involve the capacity to establish rules and inspect or review others' conformity to them. In the case of Kuwait, the regulative aspects that affect entrepreneurs are the government's licensing of business set-ups where many requirements need to be satisfied in order to obtain a licence. An example of these rules is: not to be an employer in the government sector or to provide a proof a renting a property where the business should be registered. Following of regulations is a normal occurrence around the world, where many regulatory steps/procedures are required in establishing a business according to Djankov et al. (2010) and Levie and Autio (2011). The authors argue it is not necessarily that difficult entry regulations give a more quality outcome; in fact, they signal the existence of corruption. Hence, Kuwait, like other MENA countries, also suffers from closely held political power, fewer political rights and fewer constraints on their executives that have more difficult entry regulations. Smallbone and Welter (2012) note that insufficient governments that have gaps or a lack of suitable entrepreneurship regulations, policies and laws, hinder individuals from becoming involved in the entrepreneurial process. This seems to be the feeling

of young people who wish to enter entrepreneurship in Kuwait as shown in the previous chapter.

Scott's (2008) normative component is made up of social norms, values, beliefs and assumptions about human nature and human behaviour that are socially shared and carried by individuals, in the form of culture. Normative systems define goals/objectives (such as winning the game or making a profit) but also designate the appropriate ways to pursue them (such as concepts of fair business practices). In relation to the entrepreneurship of young people and norms in Kuwait this means that it has become normal to take up a job provided by the government and not to take risks to become entrepreneurial and set up a business; the norm in working families is to avoid risks, avoid failure, start a family at young age, for the male to provide for the young family/wife and to respect the wishes of their parents which often deters them from engaging in entrepreneurship.

The cognitive dimension of Scott (2008) reflects the cognitive structures and social knowledge shared by the people in a given country or region. The cognitive aspects of institutions concern the rules that constitute the nature of reality and the frames through which meaning is created. Cognitive structures affect the cognitive programmes, like schemata, frames and inferential sets, which people use when selecting and interpreting information (Markus and Zajonc, 1985). Some young people succeeded, but the majority failed due to a lack of recognition of a young successful entrepreneur, lack of praise from

friends and family, people wanting to become entrepreneurs by taking risks seen as rather unwise generally. At the same time, they were seen as rivals by the business class, which oversees the business affairs of the country.

Enterprises only become legitimate once they conform to quasi-legal requirements as they evolve. Such evolution of institutions has been happening on all fronts in Kuwait, accompanied by the evolution of new norms. The normative dimension encourages a deeper respect for legitimacy. According to Scott (1995), normative controls are more likely to be adopted than regulative controls backed by intrinsic as well as extrinsic incentives (Scott, 1995:47). In the case of Kuwait, the regulations and their advocate formal institutions, impacted the informal institutions such as a working family and thereby the norms regarding becoming entrepreneurs. These were often negative and challenging for young people to overcome, without a tremendous amount of resilience and motivation, which given the culture could be classed as a kind of rebellion against the wishes of parents. Thus, there is a relationship between formal institutions such as law, legislation and government policies on Kuwaiti young peoples' intentions and decisions to be involved in entrepreneurial activities (Grilo and Irigoyen, 2005; Fatoki and Chindoga, 2011).

Thus, in the case of youth entrepreneurship in Kuwait, the direction of society in general is towards over-reliance upon the government and less focus on being an independent entrepreneur. These are new embedded habits as per the writings of Hamilton (1932) and Commons (1934) where the society has become dependent on the government and its institution. However, Kuwait, at present, appears to be suffering from outdated formal institutions. One problem faced here is that the dysfunctional institutions lead to an unstable environment

and creation of a void that is then filled by informal institutions (Puffer et al., 2010). They note that weaknesses of formal institutions in transition economies affect the relationship between entrepreneurship and institutions in comparison to developed economies. This view concurs with the view of Smallbone and Welter (2012) who note that insufficient governments that have gaps or a lack of suitable entrepreneurship regulations, policies and laws, hinder individuals from becoming involved in the entrepreneurial process. Therefore, this situation could give rise to informal institutions and not only informal enterprise, although this is outside the scope of this research. However, Coyne (2008:23) notes that both policymakers and entrepreneurs can be affected positively and negatively by informal institutions. Some of the alarming problems with informal institutions, according to writers like De Jong et al. (2012), are bribes that could affect business returns negatively because high levels of bribery increasingly absorb the returns on entrepreneurial activities.

Institutional theory can clearly show the entrepreneurial intentions and actions of young Kuwaiti youth by looking at the role played by informal and formal institutions surrounding them. It focuses on how institutions affect entrepreneurial intentions and actions among Kuwaiti youth. In order to make better sense, the social constructionist approach was used, which helped to focus on: notions, interpretations, influence, obedience, conformity and reactions to institutional constraints, requirements and laws. It helped to expose the socially and jointly constructed understanding of research subjects, and the taken-for-granted realities, along with appropriately cultivated legitimations. It allowed the researcher to explore and expose the regulative, normative and

cognitive impact of institutions upon the young Kuwaitis wanting to engage in enterprise. During the interviews, the researcher strived to make sense of formal rules, informal restraints and sanctions, taboos, customs and codes of conduct present in the Kuwaiti context and also social behaviour patterns and interpretations that exist in Kuwaiti society.

6.4. Research Contribution

This subsection highlights the importance of institutional theory and how it played a significant role in understanding the nature and effect of institutions further in influencing entrepreneurship intentions and actions of young Kuwaitis. This research also demonstrated the evolution of institutions, their domination and impact through the process of regulation, norms and even cognition. There are four ways in which institutional theory has provided value in the context of this research.

Firstly, institutional theory has helped to highlight which key institutions have impacted young intending entrepreneurs. The central tenets of institutional theory were used in further understanding the entrepreneurial behaviour of young people in Kuwait. Scott (2008:49) and Veciana and Urbano (2008), who build on North's (1990) work, propose that institutions comprised of regulative, normative and cultural cognitive elements, together with associated activities and resources, provide stability and meaning to social life.

Institutional theory has helped establish an initial conceptual understanding of the researcher in understanding the role of institutions in Kuwait. Here, it is now apparent that formal and informal institutions in Kuwait do define the 'rules of the game' as above as they structure the enterprise-related interactions in Kuwaiti society. In fact, six key institutions emerged as being most active during this research. Three formal institutions were the government welfare state (for jobs), government fund for entrepreneurship and Business Licensing Department; and the three informal institutions were: Wassita, business families (business community of the country) and working family (vast numbers of the ordinary population). Accordingly, Welter and Smallbone (2011) argue that formal and informal institutions directly define the way the economic game is played, as mentioned above.

Secondly, institutional theory has helped to understand the effect of formal and informal institutions on society. Formal and informal institutional environments, in which entrepreneurs operate, influence how entrepreneurs use resources at their disposal, as the use of institutional theory, as a lens, has helped to make better sense of the collected data and in looking at the nature of each of these six institutions in Kuwait. The formal constraints and rules are concerned with constitutions, laws, economic rules, property rights and contracts. For instance, Scott (1995), Kostova (1997) and Ahmad and Hoffmann (2008) argue that formal institutions are concerned with laws, regulations and policies that are directly controlled by the state government.

Thirdly, institutional theory has helped to show how the Kuwaiti society has changed and emerging roles of institutions have been significant in the social interpretation of engaging with entrepreneurial activity. Institutions rely on particular meaning systems and related behaviour patterns, which contain symbolic aspects, including representational, constitutive and normative elements that are enforced by regulatory processes. North (1990) believes that all institutions create humanly envisioned constraints that structure political, economic and social interactions, hence the meaning. The theory suggests that institutions change and influence a change in society and other institutions as a process of adaptation and efficiency. The organisational actions are bound by rules. This was evidenced in this research where it was found that institutions have a strong impact on young Kuwaitis who hold entrepreneurial intentions and want to take action to become successful entrepreneurs. Here, North's assumption is that institutions are strong entities in society that will have existed for a long time, and are even recognised by the government. He argues that humanly devised constraints shape human interaction and believes that institutions are made up of both informal and formal constraints. The informal constraints and rules are concerned with values, norms, sanctions, taboos, customs, traditions and codes of conduct. Informal institutions (Ostrom, 2007) are rather more invisible, difficult to recognise and measure, and are concepts that exist in the minds of participants rather than a written form or physical location.

Finally, institutional theory as a sense-making device has highlighted how institutions influence one another and there is an interaction between them.

Some are more dominant than others. Generally, formal institutions have more authority/recognition. They either have a direct influence or they have an indirect influence. These formal and informal constraints are then used by Kuwaiti youth in formulating their intentions, motivations and aspirations to succeed. They succeed through institutional encouragement, endorsement, sanctioning, funding and regulation. The outcomes then are that the youth were encouraged or discouraged by informal institutions like their family based on the policies of formal institutions like the government welfare. A joint dynamic interaction between institutions created an order and reduced uncertainty which can be explained by the institutional theory's notion of constraints (North, 1990; Coase, 1992). Therefore, six institutions exhibited these characteristics and these are linked to one another to provide constancy of their existence.

These four contributions have highlighted some pertinent insights into institutions and institutional theory. This has led to the establishment of a clear link between institutions and entrepreneurship of young Kuwaitis. It shows how institutions interact with youth and what role they play in the formulation of intentions and actions concerned with entrepreneurship. A number of key formal and informal institutions have come to the fore that influence one another (in)directly as living entities, and likewise influence the youth (in)directly. These institutions affect Kuwaiti society through regulation, normatively and cognitively. They use their influence to achieve order, compliance and administer legitimacy. The mechanism they use to achieve this is through the use of norms, rules and guidelines to regulate social behaviour. In this research, we found that formal Kuwaiti institutions were more prevalent and influenced

informal ones. The regulations, norms, rules and structures change over time along with institutions, therefore, a change in institutions and the way they manifest themselves also influences Kuwaiti youth who possess entrepreneurial intentions.

The research contribution also shows that young people have to approach some key institutions and in return their desire to become entrepreneurs is strengthened or weakened depending on how institutions respond and what role they are willing to play in their lives. For example, when a young person receives appropriate encouragement, endorsement and funding and is given the sanction and legitimation they become successful. The contributions also indicate that the strong intentions of young people help them through their motivation, aspirations, confidence and communication to enter a formal business venture. Therefore, this research establishes a connection between the macro factors – institutions as systems, to micro factors – concerned with personal intentions and actions. The influence of the formal institutions on informal institutions is clearly shown within Kuwait. In fact, the changing effect of institutions on entrepreneurship was not understood in contexts such as Kuwait and this research has clearly made this connection

6.5. Chapter Conclusion

The relevance of institutional theory to understanding the nature, effect and evolution of institutions in understanding entrepreneurship in Kuwait shows the 'rules of the game' (DiMaggio and Powell, 1983, 1991; North, 1990; Veciana and Urbano, 2008) being defined by institutions, whereby formal and informal institutions are in operation. The institutional theory shows the importance of

(in)formal institutions and shows that these institutions have come to dominate the entrepreneurship landscape through the use of relevant constraints.

This research shows that the nature of regulative, normative and cognitive constraints of different institutions has evolved and what effect they have on youth entrepreneurship. Here, formal and informal institutions play an important role in society and affect the lives of citizens as social agents. Their practices and procedures affect and structure the thinking of individuals.

Over time, people accept these institutions that continue to develop, and seek their endorsement and legitimation. Hence, Kuwaitis comply with institutional regulations and norms and align their cognition accordingly. This research has yielded some very pertinent and important insights that can help in understanding the role of institutions in entrepreneurship. The results have revealed a number of important insights: firstly, that there exists a strong influence of institutions on entrepreneurship in Kuwait. It was clearly apparent that there were at least six predominant institutions that influenced young Kuwaitis. These institutions change and evolve and thereby their influence also changes over time. They also interact between themselves and can impact one another directly and indirectly. Mostly the impact has been from the formal institutions on informal institutions.

Despite the challenges imposed by these institutions they have still inspired Kuwaiti youth towards entrepreneurship. Hence, this research reveals that young Kuwaiti males as well as females do actively seek to engage in entrepreneurial activities and both have strong entrepreneurial intentions. They have firm intentions and after many attempts and overcoming hurdles a small proportion do succeed in becoming entrepreneurs. However, in cases where a young person cannot gain the approval of formal institutions and on occasions informal institutions they were disappointed; however, they resorted to setting up informal businesses to overcome the barriers.

Finally, like all research designs this research also has some limitations: firstly, one could have involved expats who are non-native. In fact, the expat community plays a major role in running businesses and many possess skills to do so. Therefore, paying attention to expats will have generated a more holistic picture and will have been an even more significant contribution. Secondly, this research makes an assumption that entrepreneurship by younger people will help the country. However, the researcher has reflected upon this assumption and believes that entrepreneurship is for all. In fact, more mature members of society can have a more organised approach, so why only rely on younger people when encouraging older people could yield better returns? Therefore, this research shows that institutions, both formal and informal, are important in shaping the entrepreneurial intention and action of Kuwaiti youth and this is also likely to be the case in other such contexts, such as Saudi Arabia and Qatar.

CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS

7.1. Chapter Introduction and Summary of the Research Purpose

Recent economic and social challenges have led to the Kuwaiti government seeking to strengthen ways to sustain the economy, with one such way being entrepreneurship. There is a downturn in revenues, albeit for the short term, and there is a need to engage in entrepreneurial ventures. This research aims to focus on entrepreneurship, in particular amongst young people, as they hold the key to success in the future. Most importantly, this research focuses on the role of institutions in entrepreneurship among Kuwaiti youth. The study encapsulates the impact of institutions on youth entrepreneurship and focuses on their intentions and actions. Therefore, this research aims to: (1) explore how institutions influence their environment/context on making Kuwaiti youth entrepreneurs, and also (2) identify the different roles played by particular institutions in creating young entrepreneurs in Kuwait.

An entrepreneurial young person's intentions are subjective and these surface when they become objectified into actual behaviour involving them taking action towards becoming entrepreneurs. This research shows that they do this by initially seeking endorsement, sanction and legitimation from informal institutions, such as the family. They then seek approval from formal institutions, such as the Business Licensing Department. These institutions not only control the means and mechanisms for setting up a business but they also influence a person's intentions, based on social purpose. The institutional rules and

regulations play a crucial role, and those who gain institutional legitimacy have a better chance of becoming actual entrepreneurs.

This research has found that institutions have a strong impact on entrepreneurship, where informal and formal institutions are influential. They influence the thinking in society, where Kuwaiti young people comply with institutional regulations and norms and align their cognition accordingly. Hence, not surprisingly, institutions affect Kuwaiti young people in a variety of ways, for example, the family as an institution can endorse entrepreneurial intentions and aspirations, whereas Wassita can serve as a mechanism to obtain formal backing. Most influential institutions appear as family as an informal institution, and government as a formal institution. However, as with all social entities institutions change and evolve over time. This change then affects the society, and Kuwaiti youth are no exception.

Institutions interact between themselves and have a direct and indirect impact on one another. Mostly, the impact has been from the formal institutions on informal institutions (as seen in the results chapter). More recently, Kuwaiti institutions appear to have introduced more challenges for intending entrepreneurs where they need to justify and obtain sanctions for their ideas and prove the worthiness of their business plan. However, the findings of this study show that Kuwaiti youth still maintain strong entrepreneurial intentions, where they actively seek to engage in entrepreneurial activities. Many have strong intentions and after many attempts to overcome hurdles, a small proportion of them do succeed in becoming entrepreneurs. This shows that

despite decades of governmental welfare benefits, lack of entrepreneurial push and stimuli, young people still have a significant personal drive to prove themselves and enter the world of business.

Finally, this intention to become entrepreneurs is so intensive at times that some gain the approval of formal institutions and on occasions informal institutions to enter into informal entrepreneurship. The Kuwaiti government appears to be unaware of the informal business community, however, from the futuristic aspirations point of view this is good news.

7.2. Key Insights

The findings suggest that both formal and informal institutions in Kuwait influence entrepreneurship. Six in particular have a great deal of impact both in formulation of intention and then taking an action to enter entrepreneurship. These institutions appear to have been changing and evolving over time, leading to a change in attitudes. Furthermore, these institutions are shown to interact with one another and some have an influence on one another. This phenomenon (of interaction) could lead to a particular impact on a young person and makes the task of setting up a business complicated, given their lack of experience, partly because they need to understand the interrelationships.

The research has found that key institutions are perceived to both facilitate and hinder in the process of innovation, idea formation and the degree of aspirations held by a young person. It became apparent that a lack of approval,

endorsement, encouragement and legitimation were hurdles. A lack of institutional backing led to suppression of intentions for entrepreneurship. Thus, this affects the sense of achievement and self-efficacy, leading to an increase or decrease in young entrepreneurs willingness to engage in business activity.

The means available to youth in generating and nurturing their ideas appear to be mainly available at school or university level, however, there does not appear to be a channel for formal advice on access to business and commerce. There is a government fund for entrepreneurship but obtaining that is difficult, needing sanctions from informal institutions, like Wassita. This does not depend on the young people's ideas but on personality attributes which are needed to gain legitimacy and approval. A young person has to demonstrate this in their dealings with all these institutions.

In this research, a number of useful insights have emerged from using institutional theory, some of which are new or unreported in the literature. The overall insight that underpins them is that institutions are important entities that have a huge influence on youth entrepreneurship. The key insights emerging from this research are discussed fully in the discussions chapter. Firstly, there is a very strong influence of institutions on the entrepreneurship of young Kuwaitis; secondly, institutions change and evolve over time; thirdly, there is a direct and indirect impact or interdependence of institutions upon one another. Fourthly, young Kuwaitis have firm intentions and after many attempts and overcoming hurdles a small proportion do succeed in becoming entrepreneurs; and, finally, those intending young people who did not gain the approval of formal institutions, and on occasions informal institutions, were

disappointed. Their frustration led them to set up informal businesses to bypass the barriers

7.3. Using the Kuwaiti Context for Wider Understanding of Entrepreneurship

Kuwait makes a very relevant context for studying the entrepreneurial intentions and actions of today's youth. Its context can be used to understand entrepreneurship more widely and can be generalised into a variety of contexts, especially to MENA region countries as they exhibit similarities to Kuwait. In this research, the following context-specific realisations were made about Kuwaiti institutions impacting entrepreneurship. This can be used to understand many Kuwait-like situations. The first realisation is that Kuwaiti institutions, both formal and informal, are complex social arrangements that are made up of representational social activities. Secondly, these institutions influence through their governance of social arrangements concerned with entrepreneurship involving regulation, norms and cultural-cognitive dimensions. Thirdly, Kuwait exhibits the existence of social norms, values, beliefs and assumptions about human nature and human behaviour that are socially shared and carried by individuals, in the form of culture. Fourthly, there are many cognitive aspects that concern social knowledge shared by Kuwaitis of all ages, including the youth, and finally, institutions that have an influence on entrepreneurship and they impose formal and informal constraints on individuals. Thus, these aspects in Kuwait could be used to achieve a greater understanding of entrepreneurship in other similar contexts

7.4. Contribution to Theory and Practice

By using institutional theory as a lens on understanding the impact of institutions on entrepreneurship, this research has helped to generate five important contributions to knowledge on the link between institutions and the entrepreneurship of young Kuwaitis. It shows how institutions interact with youth and what role they play in the formulation of intentions and actions concerned with entrepreneurship. A number of key formal and informal institutions have come to the fore that influence one another (in)directly as living entities, and likewise influence the youth (in)directly. These facts, in particular in the context of Kuwait, have never been exposed in the past. Hence, this research has been significant in this regard. The research contribution shows that young persons have to approach some key institutions and in return their desire to become entrepreneurs is strengthened or weakened depending on how institutions respond and what role they are willing to play in their lives.

Therefore, this research succeeds in showing the effects of institutions on young people. It highlights the evolution of institutions, their domination and impact through the process of regulation, norms and even cognition. It becomes apparent that formal and informal institutions in Kuwait do define the 'rules of the game' (North, 1990) as they structure the enterprise-related interactions in Kuwaiti society. In fact, six key institutions emerged as being most active during this research – three formal institutions: government welfare state (for jobs), government fund for entrepreneurship, and Business Licensing Department; and, three informal: Wassita, business families, and working family.

The theory (North 1990) suggests that institutions change and influence a change in society and other institutions as a process of adaptation and efficiency. The organisational actions are bound by rules. This was evidenced in this research where it was found that institutions have a strong impact on young Kuwaitis who hold entrepreneurial intentions and want to take action to become successful entrepreneurs. The formal constraints and rules are concerned with constitutions, laws, economic rules, property rights and contracts. Some are more dominant than others, whereby formal institutions have more authority/recognition where they either have a direct influence or they have an indirect influence. These formal and informal constraints then impacted on Kuwaiti youth when formulating their intentions, motivations and aspirations to succeed. They succeed through institutional encouragement, endorsement, sanctioning, funding and regulation. The outcomes then were that the youth were encouraged, endorsed, given the sanction and even funded. Thus, this research provides a more detailed and in-depth exposure to research subjects and exposes their socially shared assumption than any such research on entrepreneurship in Kuwait.

Scott's (2008) regulative, normative and cultural-cognitive dimensions were helpful as concepts to articulate the situation. Hence, in the case of Kuwait, the regulative aspects that affect entrepreneurs are the government's licensing of business set-ups where many requirements need to be satisfied in order to obtain a licence. Following of regulations is a normal occurrence around the world, where many regulatory steps/procedures are required in establishing a business, according to Djankov et al. (2010) and Levie and Autio (2011). Scott's (2008) normative component is made up of social norms, values, beliefs and

assumptions about human nature and human behaviour that are socially shared and carried by individuals, in the form of culture. In relation to entrepreneurship of young people and norms in Kuwait this means that it has become normal to take up a job provided by the government and not to take risks to become entrepreneurial and set up a business; the norm in working families is to avoid risks and avert failure and instead start a family at young age, for the male to provide for the young family/wife and to respect the wishes of their parents which often deter them from engaging in entrepreneurship.

Scott's (2008) cognitive dimension reflects the cognitive structures and social knowledge shared by the people in a given country or region. Cognitive structures affect the cognitive programmes, like schemata, frames and inferential sets, which people use when selecting and interpreting information (Markus and Zajonc, 1985). Due to entrepreneurial routes in Kuwait some young people succeeded but the majority failed due to the lack of recognition of a young successful entrepreneur, lack of praise from friends and family, people wanting to become entrepreneurs by taking risks seen as rather unwise generally. At the same time, they were seen as rivals by the business class that oversees the business affairs of the country. Thus, in the case of youth entrepreneurship in Kuwait, the direction of society in general is towards over-reliance upon the government and less focus on being an independent entrepreneur.

Therefore, institutional theory has clearly shown the entrepreneurial intentions and actions of young Kuwaiti youth by looking at the role played by informal and

formal institutions surrounding them. It focused on how institutions affect entrepreneurial intentions and actions among Kuwait youth. In order to make better sense the social constructionist approach was used, which helped to focus on: notions, interpretations, influence, obedience, conformity and reactions to institutional constraints, requirements and laws. It helped to expose the socially and jointly constructed understanding of research subjects, and the taken-for-granted realities, along with appropriately cultivated legitimations

7.5. Implications of this Research

The outcome of this research has implications for policy and practice; thus, the researcher aims to make recommendations to a number of different stakeholders: policymakers, practitioners and researchers.

7.5.1. Implications for Policymakers

The implications for policymakers are, firstly, that they need to create laws and policies to facilitate an atmosphere of enterprise. They need to pay attention to regulation clarity and guidance available to citizens on entrepreneurship. They can achieve this by providing physical or online advice centres, which could give the young people information, guidance and possibly access to government funds. This advice can be provided via special centres that can be accessed via special phone lines or even an online portal. The online approach could be a popular option given the increased use of technology and the Internet. At present the only source of information in Kuwait is informally communicated information in the community and some basic information

available in educational institutions. Also, at present, this information is kept by the attendants of Diwanya, prompting one to have a strong affiliation. This results in certain people having more exclusivity and preferences than others.

Secondly, there is a need for transparent coordination between institutions in Kuwait and they need to formulate and implement new innovative policies. Currently the connection and coordination between institutions is undefined, informal and politically motivated throughout Kuwait. This causes a lot of disarray, confusion and demotivation amongst prospective young entrepreneurs. In order to overcome such issues and encourage young people a degree of transparency needs to be introduced to achieve motivations and meritocracy. The existence of meritocracy will encourage a sense of equality for all, although this may not be backed by all social groups in Kuwait, for example the business families who often act as a barrier. Nevertheless, there are ways to reform the existing arrangements, given their political interests and threat to domination in Kuwaiti society.

Thirdly, the policymakers need to focus carefully on the existing and new measures aimed at encouraging entrepreneurship to be effective from strategic and operational points of view. For example, the Kuwaiti government's allocated funding of entrepreneurial ventures has been underused due to 'red tape', which has to be minimised to enable an individual to make an application. Similarly, the 'red tape' involved in obtaining a business licence is very bureaucratic. Currently, the process of obtaining the licence to operate takes many months and needs the backing of informal institutions like Diwaniya. This

leads to many young people halting their struggle and either not making any further attempts or entering into informal entrepreneurship. In order to obtain the funding, the young person has to prove that their idea is viable, obtain an endorsement of Diwaniya and have provisional backing from the bank.

Finally, the policymakers need to focus on encouraging an entrepreneurship attitude from a young age and the necessary education curriculum should be developed. The curriculum has to be developed from starting the schooling to higher education to facilitate creativity, imagination, risk-taking, communication skills and financial skills. Policy regarding the curriculum has to be realistic and backed by the education department and other suitable institutions in the country

7.5.2. Implications for Practitioners

There are implications of this research for practitioners as intending and actual entrepreneurs or as 'consultants' engaged with entrepreneurship. Hence, a number of implications have emerged based on the results of this research. Firstly, the young intending entrepreneurs need to justify their plans to family, Diwaniya and to government funding organisations using relevant tactics to gain their approval and legitimation. This means gaining approval through using appropriate skills and tactics. Achieving this is difficult because in all of these institutions there are individuals who will hinder their plans. Thus, a skilful approach needs to be used to avoid rejection by such individuals. Furthermore, there is a need for young people to show their business readiness and to demonstrate self-confidence. They have to show their deeper level thinking

behind their business idea, the costing, mitigation of risks, business model and their business strategy. They need to be able to communicate using verbal and non-verbal communication skills. In the results it became apparent that while many young Kuwaiti interested in entrepreneurship possess enthusiasm they lack the real skills mentioned here. This is one of the obstacles in gaining the necessary backing and endorsement of institutions, for example, when they communicate they need to follow relevant etiquettes and (in)formal rules of engagement.

Secondly, young people need to approach institutions after making a careful assessment of the possible reactions they may get and how they would deal with these reactions. This would involve undertaking research into the nature of institutions and their possible effect on them becoming entrepreneurs. They also need to understand the relationship between such institutions so that they can achieve their objectives. Many types of politics, complexity, dynamic connections and the role of social stratification exist, for instance, the distinction between a working-class family, business class families and royal affiliation. They need to see whether their particular business idea would pose a challenge to a business owned by someone in the business family community. If so, then they need to rebrand the idea so that it does not appear as challenging.

Finally, young intending and even actual entrepreneurs should see their journey to becoming an entrepreneur as an opportunity of a lifetime and encapsulate the learning experience. Hence, despite having a negative or positive experience they should use this opportunity as a learning experience to improve

and better themselves and become excellent in their attempts to become entrepreneurs and even better managers if in employment. They could continue to build experience and knowledge to improve and enhance their experience and enter a learning spiral.

7.5.3. Implications for Researchers

There are implications of this research for further research as it has uncovered many areas of interest: firstly, a researcher could undertake a more detailed comparison of the Kuwaiti context with other nations from an entrepreneurial perspective in order to create learning for practitioners and academics. There are many nations that face a similar entrepreneurial dilemma like Kuwait, as they have similar backgrounds and business-related issues. There are some nations that seem different but have similar problems, hence, it is worth investigating to see what could be learnt regarding the ways in which more initiative and desire to engage in the day-to-day business running of the country can be managed by the indigenous population.

Secondly, a researcher can undertake research into the different levels of impact of different institutions on young people. Each type of institution needs to be assessed for its potential merits. This would enable young people to make a more informed judgement of what steps to take in achieving their objectives. It would help young people to use an appropriate mechanism of community institutions to fully express their idea and achieve their objectives. Some of these ideas may be very buoyant/helpful in making an economic and social contribution to Kuwait. Hence, the institutional role could be defined and their contribution could be made more transparent. One of the reasons for this is that

the government could then allocate further resources towards most contributing institutions. On the other hand, relevant institutions could be helped in their own development and preparation to face the economic and social challenges that lie ahead.

Thirdly, given that institutions are created based on social values that are then influenced by the institutions has a duality effect. This phenomenon of norm and value creation needs to be explored further, perhaps using some in-depth social theory. The process by which particular norms and values are used and generated needs to be traced to see how this process can be influenced to work out how institutions can be encouraged to contribute more positively toward formulation of intention, leading to generation of actual entrepreneurs. Furthermore, the creation of meaning seems to be an under-reported and under-researched phenomenon. In fact, it is important to focus upon the very beginning of the stage in creating the meaning. Because the system of meaning creation, its influence on entrepreneurial discourse and rhetoric can either encourage a lot of inspiration or negative feelings, the meanings are also strong indicators of the 'mood' and can be assessed to see if and how stimulation like schooling and government policy could be used. Also, the role of meaning creation of self-worth, efficacy and motivation are factors that need further focus and exploration.

Finally, further research could be undertaken to look at entrepreneurship. Native youth only make up a small proportion of the population. The expat community plays a major role in running businesses and many possess skills which are

worth taking into account. Given that most expats are seen as 'lower level' workers, doing work that is comparable to these expats may not be seen as rewarding for the indigenous youth. Also, working long hours, working in all types of conditions, managing many transactions and dealing with many types of stakeholders may not be a pleasing proposition for the local indigenous youth. Hence, research is needed to understand the current perception of Kuwaiti youth regarding entrepreneurship and also their willingness to work alongside expat workers.

Therefore, it is apparent that this research has highlighted a number of implications for policymakers, practices and rendering this research as a very useful piece with much contribution to society.

7.6. Chapter Conclusion

This chapter concludes the thesis and shows the key findings of this research. It has provided the importance of this study. It shows how this research has discovered that a young Kuwaiti who intends to engage in entrepreneurship moves from the intending stage to an actual entrepreneur stage over time, if they receive appropriate encouragement through institutional legitimacy. These institutions are formal and informal and have a regulative, normative and cognitive impact on individuals who are social agents. Social agents follow recurring patterns of behaviour, and they rationalise individual experience and social constructs as an idea that is accepted by society. Appropriate implications of this research are shown, highlighting the further studies required.

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APPENDIX

Appendix A: Information about the State of Kuwait

1. Location and population
2. Population growth
3. Overview of Kuwait's economy

1. Location and Population

Kuwait is a small Arab country with only 17,818 square kilometres of land (Hansemark, 1998). It is located in south-western Asia, on the north-western coast of the Arabian Gulf (World Fact Book, 2005), see Map 2.1 below.

Map 2.1: Map of Kuwait



Source: (da.gov.kw, 2013)

The entire land is quite arid and not suitable for agriculture and the arable land is only about 0.84%. Hence any entrepreneurial ideas involving agriculture would not be successful. As a result, the population was historically small and largely consisted of nomadic tribes, fisherman, sailors and merchants, which resulted in a class society as detailed below.

2. Population Growth

The population began to gradually increase as shown in Table 2.1 below.

Table X: Population figures from 1950-1990

Year	1950	1960	1970	1980	1990
Kuwaiti Population (by thousands)	152	278	744	1,375	2,143

Source: Public Authority for Civil Information (2006)

Kuwaitis were the majority on their land, with a small number of foreigners from the neighbouring regions of Iran and India. However, the situation has since changed, and the population has increased dramatically with the discovery of oil, due to the necessity to bring in expatriates for further oil and gas exploration and to build oil infrastructure such as pipelines, terminals and tanks. These jobs could not be assigned to local workers at that time, as they lacked education, technical and managerial skills. However, due to the *Kuwaitisation* (localization) policy, most of the technical and senior positions are now occupied by Kuwaitis, leaving expatriates mainly occupying low-level jobs that most Kuwaitis shun.

The highest percentage of expatriates in Kuwait prior to the Iraqi invasion was Palestinians, since the Kuwaiti Government endeavoured to assist the Palestinian Diaspora after the Israeli annexation of Palestine. However, most of the Palestinians were expelled from Kuwait after the liberation of Kuwait since they were regarded as Iraqi sympathisers and collaborators. At present, the biggest number of expatriates is from Asian countries, largely from India and Bangladesh, followed by expatriates from other Arab countries such as Egypt, Lebanon, Syria, etc.

The population has been fast growing partly because of immigrant workers and partly because the government encourages and supports Kuwaitis to have large families. The recent census shows that the population is 3,954,403 and constitutes of about one third Kuwaitis and the remaining being expatriates (Public Authority for Civil Information, 2012).

The Kuwaiti population is relatively young and below the age of 30 years (Public Authority for Civil Information, 2015). Many of these young Kuwaitis actively seek for

jobs in the government ministries and public sector due to a number of reasons: job security, single shift jobs and relatively well-paying compared to working in the private sector. As a result, the civil service and the public sector are over-staffed and the government has been encouraging Kuwaitis to work in the private sector and the government has been giving them financial incentives by paying a salary top-up (MGRP, 2006). This policy has not been very successful and has resulted in a few Kuwaitis working for some reputable companies such as Viva, Wataniya, Zain, banks and insurance companies. Many of these young Kuwaitis shun most of the private sector jobs as they are considered to be mundane and arduous. This calls for the need for these young Kuwaitis to start-up and run their own businesses.

3. Overview of Kuwait's Economy

In the 1900's the Kuwaiti economy was based on two sectors; the public and private. The import duties, varying between 4 to 6%, constituted the main source of public revenue. International trade was the backbone of Kuwait's economy with pearl and seafaring constituting the biggest employment (De Jong et al. 2012). However, that significantly changed with the advent of oil in 1946. Both the local businesses and the rulers of Kuwait entered into co-operative business with other foreign partners to exploit the oil reserves. Contextually, this becomes very important as it illustrates the dependency of Kuwait's economy on foreign counterparts as far as technical knowhow and financial capital is concerned. A dependency-relationship while promoting both the infrastructure and oil industry.

The international hike in the oil price (1973) made a significant change in Kuwait's economy. For instance, the GDP⁷ in Kuwait grew by 137.7 % and 125.1 % respectively between the years 1973 and 1974 (CBK, 2011). Also the increase in per capita income resulted in a surge in demand for goods and services which, as a consequence, increased the demand for imported goods and labour. Economic and service demands, such as education, health and utilities continued to grow during the early 1970s, far exceeding the growth in population. Also in this period, public spending was 80% of the total

⁷ The gross domestic product (GDP) is one the primary indicators used to gauge the health of a country's economy.

revenues. Wages accounted for 45% of total permanent expenditure; this reflected the policy of the state of distributing wealth by guaranteeing employment to its citizens (CBK, 1981). The contribution of non-oil revenues is just below 8% to the country's economy (IMF, 2014), highlighting the need to diversify the economy and promoting entrepreneurship.

The Kuwaiti government has investigated the options of investing locally and internationally. According to IBRD (1965: 27-28) "through the national banking system, most of oil currency was converted into the local currency and used in the local economy as a maintenance cost for the existing operation and purchase of land from other private enterprise".

The oil industry is wholly owned by the State of Kuwait. The official currency of Kuwait is the Kuwaiti Dinar, and is denoted by KWD (MOT, 2013). The country relies on imports to satisfy most of its requirements for goods and services. Imports increased to KWD1935 million in the second quarter of 2013 from 1864 million KWD in the first quarter of 2013 (Trading Economics, 2013). The Kuwait economy witnessed high growth rates during the majority of the last decade due to the increase in oil prices. In this regard, growth rates ranged between 5.3% in 2003, 8.1% in 2004, 6.5% in 2006 and 5.5% in 2007. However, the growth rates decreased in 2008 due to the impact of the global financial crisis on Kuwait and it reached 3%. The growth rate marginally increased in 2009 to 1.5% (Al Qabbas, 2008; Standard Chartered, 2009) but since then has remained subdued because of the falling oil prices which El-Erian (2010) of PIMCO refers to as the New Normal.

The oil price recovery has also been affected by the discovery of Shale cracking in the USA and lately the cancellation of Iranian sanctions will see Iran pumping significant amounts of oil into the international market thereby creating supply-demand imbalances. All this is resulting in reduced government revenues for Kuwait and other Middle East countries that have traditionally relied on oil and gas revenues. This makes a strong argument for the country to seriously consider diversifying the economy and in particular encourage entrepreneurship by the young people as they are the most affected people.

Appendix B: Sample Interview Protocols (English)

Interview protocol is required for support, ease the process, and provide a good record for the interview documentation. An interview protocol included an introduction in the beginning of the document, important instructions for the interviewer asking to observe and record the interviewee's reactions and characteristics, as well as whether or not to ask specific questions, and most importantly the interview questions (Silverman, 2000). Kvale and Brinkmann (2008) emphasized that the interviewer should be very careful in the interview questioning process and not to use any of the following questions:

- Leading questions that direct the participant to an unwanted or wanted answer or to specific information that support the research theory on purpose.
- Threatening questions that put the participant under pressure to answer without giving him/her the freedom to express their opinion.
- Multiple or double-barrelled questions that make the participant confused or make it hard to answer.
- Lengthy questions that lead to unnecessary conditioning sentences and adjectives. Ambiguous questions that lead the participant not understand the question which leads to incorrect answer.

This protocol contains six steps:

First Step: Research Introduction

In this step an introduction about the research will be given to the interviewee

Second Step: Interviewee Consent

To obtain interviewee signature on inform consent form, this is a required procedure by ethical research committee of University of Bradford, and to get participant permission to audio record the interview (Appendix C).

Third Step: Interview Questions

In this step the real data collection process will be commenced as the researcher will ask the participant group of questions. The key theme of these questions depends on critical incident technique CIT. there are five steps that John Flanagan (1954) established for the CIT process. First step is to establish the general aims for the research. Step two is to establish plans and specifications for the phenomena under

investigation. Third step is to collect the data, which is the interview protocol and interview question we are trying to develop now. Forth step analyze the data and final step is interpret and report the data. In this protocol we shall only conceder the first three CIT steps.

The flowing interview question designed for **intending entrepreneurs**; this group of interviewee is young people who intend to involve in entrepreneurship. The expectation from this type of participants is to get rich experience, information and knowledge on why they intend to involve in entrepreneurship. What factors have helped them and what prevented them? How they overcome the challenges to become entrepreneurs? Institutions on their intention and action?”

Fourth Step: Closing remarks

In this step interviewer will try wrap up the interview and ensure that all required information/data been collected in the interview.

Fifth Step: Interview Wrapping up

The interviewer will give the interviewee the freedom/space to elaborate more or add any information that s/he thinks is important or related to the investigation carried out by the research.

Sixth Step: Interviews Referral

To ask the interviewee if s/he can recommend any other people to interview or to recommend any references or resources that can help in the investigation.

Closing the interview

Re-assure the confidentiality and the anonymity of the interview content. take participant contact details (must included an email- address) and ask permission to send the interview transcript for verification (add or delete parts is allowed). And finally thank the participant for his/her precious time.

Appendix C: Ethical Considerations

As interview will be the data collection instrument, the data will be originally in the form of audio data, and stored on audio tapes. Later on the researcher will transcribe the data into a written document for the purpose of analysis. The interviews will not request or record any personal information about the age, sex, race, ethnicity, political views and opinions, religious beliefs, or sexual orientation of the participants. No information will be sought about personal issues connected to anyone that works for the organization of the participant or of the organizations that are related to the organization of the participant. No commercially sensitive information will be requested or recorded in the interviews.

The following is a short summary of how the researcher is planning to handle the main ethical issues related to the research project, under the supervision of the research project supervisors:

Informed Consent

The informed consent form will be prepared according to the University ethical guidelines (UoB code of practice for ethics in research, June 2006) which will include the information the participants should know about the purpose, methods and use of the research. Usually there are two documents – the information sheet about the research and consent form, which asks about whether the participant has read and understood the information sheet. The researcher will ensure that informed consent form is delivered to the participant at least 3 days prior to the interview.

In addition, a formal letter from the research supervisor will be printed on the School of Management letterhead to assure the participants that the research is an academic research project under the supervision of research supervisors from the School of Management. This letter will include details of where participants can address any complaints they may have about the researcher. The researcher will ensure that all participants read and understand the consent form carefully before they sign it. The consent form will, mainly, cover following issues:

- Familiarity with and understanding of research aims, methods and dissemination strategies
- Voluntary participation in research

- Participants' rights to withdraw at any stage or not answer any questions

Data Management

When handling the interview data, the researcher will keep participant details or any of their unique details separately from the interview session material to protect the dignity, rights, safety and well-being of participants. Therefore, during the data analysis stage, the following steps will be taken:

- 1- The researcher shall not share the interview content with any colleague or staff member of the university, except the research supervisors.
- 2- The researcher and the research supervisors will be the only people who will have access to the interview data (i.e. audio recording and transcripts) Participants will be asked their permission for this in the consent form.
- 3- During analysis a coding scheme will be used to protect the identity of participants. The coding scheme and the interview data will be stored separately and no third parties will have access to it. During the writing up of the research, anonymity of participants will be protected and any identifying information will be excluded from the quotes or descriptions.
- 4- The interview data and transcripts will be stored on the researcher's personal laptop, log in to which is password protected. Any backup copies (e.g. printed copies) will be stored in a secure locked up cabinet in the researcher's home or office.
- 5- All audio tapes for all interviews, which may contain information that identifies individuals, will be destroyed once the information has been fully transcribed and anonymised.

Participants' Privacy Rights

Addressing the privacy issue during my research has two implications, the first of which is that I will develop an assurance and respect of participants' privacy rights. Therefore, no sensitive questions will be asked (e.g. race, ethnicity, political opinion, religious beliefs, and sexual life). Secondly, if any participant objects to the audio recording of the interview or if during the interview the participant asks to stop the recording or to erase part of their statement, their wishes will be granted in respect of their privacy.



INFORMED CONSENT FORM

Thank you for agreeing to participate in this study,

This form details the purpose of this study, a description of the involvement required and your rights as a participant.

Information and Purpose:

The objective of the research is to explore the factors that affect the entrepreneurial process stages within the Kuwaiti context. The results of the research will help to understand what deterring young people from becoming entrepreneurs.

You are encouraged to ask questions or raise concerns at any time about the nature of the study or the methods I am using. Please do not hesitate to contact me at anytime at the e-mail address or telephone number that provided to you.

Your Participation:

Your participation in this study will consist of an interview lasting approximately less than one hour. You will be asked a series of questions related to the research topic. You are not required to answer the questions. You may pass on any question that makes you feel uncomfortable. At any time you may notify the researcher that you would like to stop the interview and your participation in the study.

Confidentiality:

The interview will be tape recorded; however, your name will not be recorded on the tape. Your name and identifying information will not be associated with any part of the written report of the research. All of your information and interview responses will be kept confidential. The researcher will not share your individual responses with anyone other than the research supervisors.

The researcher and the research supervisors will be the only people who will have access to the interview data (i.e. transcripts) participant is been asked their permission for this form.

Anonymity:

Our discussion will be audio taped to help me accurately capture your insights in your own words. The tapes will only be heard by me for the purpose of this study. If you feel uncomfortable with the recorder, you may ask that it be turned off at any time. For your information, audio tape of the interview will be destroyed once the information has been fully transcribed and anonymised.

Information gathered by you and other participants will be used in writing a qualitative research report. However, direct quotes from you may be used in the paper, your name and other identifying information will be kept anonymous.

Participant rights:

You also have the right to withdraw from the study at anytime. In the event you choose to withdraw from the study all information you provide (including tapes) will be destroyed and omitted from the final paper. There is no penalty for discontinuing participation.

You are free to withdraw from the study at any time.

Once again, thank you for agreeing to participate in this study.

If you have any queries about this research, please contact me at any time or contact the research supervisors:

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Appendix D: Sample Interview Protocols (Arabic)

المقدمة والبدء:

- مقدمة عن موضوع البحث وأهدافه، والسبب في إجراء المقابلة (محاورة لمدة 5 دقائق)
- إبلاغ موافقة (يجب قراءتها من قبل المشارك قبل بدء المقابلة)
- أخذ إذن المشارك لتسجيل المقابلة بالمسجلة الصوتية الرقمية.

أسئلة الاحماء:

- العمر و آخر مؤهل دراسي الحين؟
- اذا امكن تعطينا فكره عن نفسك وحياتك وتصورك وخيالك عن مهنتك, حتي يومنا هذا؟
- هل فكرت بانشاء عملك الخاص(بزنس)؟
- هل هي الفكره الاولى للبزنس التي بدأت عندك لأول مره؟
- اذ الاجابه لا , ماهي اول فكره لبزنس فكرت فيها؟
- متي كنت تفكر بالبزنس لأول مره ؟
- متي فكرت بجديده عن مهنتك لأول مره؟
- وقت ما كنت تفكر بالبزنس لأول مره, ممكن تقولنا شنو كنت تفكر فيه؟
- سؤال البحث الأول: ماهي النظم والأطر الرسميه والغيررسميه التي قد تمنع الشباب من الإنخراط في عملية المبادرة؟
- عند الفكره الاولى, هل كان هناك أي قوانين- نظم-لوائح من قبل الجهات الرسميه اثرت في تفكيرك؟
- شنوا اهم؟ من أي جهه رسميه؟
- كيف تغلبت علي المعيق منها او استفدت من المفيد منها؟
- وانت اتفكر, هل كان هناك اعراف, عادات وتقاليد اثرت بتفكيرك؟ شنوا اهم؟ من وين؟
- كيف تغلبت علي المعيق منها او استفدت من المفيد منها؟
- وانت تفكر, هل كان هناك فرص حواليك؟ شنوا اهم؟ من وين؟
- شلون استغلبتهم؟
- هل كان هناك عقبات وتحديات؟ شنوا اهم؟ من وين؟
- كيف تغلبت عليها؟
- منوا من الاهل الاصحاب او المجتمع, ايدوك او ثبطوك عن افكارك البزنسيه؟ شسوا؟
- كيف اثرت علي تفكيرك؟
- مثال لوسمحت؟
- ماذا عن العلاقات الاجتماعيه والبزنس, كيف شجعوك او احبطوك عن افكارك؟ شسوا؟
- كيف اثر علي تفكيرك؟
- ممكن مثال؟
- شنوا دور الواسطه في تشجيعك او احباطك عن افكارك؟
- شتسوي الواسطه بتفكيرك وشلون؟ شنو اثرها علي تفكيرك؟
- ممكن مثال؟
- اثر الديوانيات ايجابي ولا سلبي؟ شسوت وشلون؟
- كيف اثرت علي تفكيرك؟
- ممكن مثال؟
- هل مر عليك موقف ماكان عندك علاقات تساعدك؟
- ما أثر ذلك علي تفكيرك؟ لماذا؟
- ممكن مثال؟

سؤال البحث الثاني: ماهي المصادر التي قد تؤثر علي عملية المبادرة الكامنة أو الفاعلة أو المستمرة؟

- عند الفكرة الاولى، ماهي المصادر والموارد المتوافره لديك؟
- من وين وشلون حصلتهم؟
- اشلون علي راس المال او التمويل؟
- عند الفكرة الاولى، هل كان في مصادر اة موارد كنت تتمني ان تكون متوفره لك؟
- شنوا اهمما؟
- ليش هالمصادر بالذات؟
- عدم حصولك علي هالموارد، شنوا اثرها علي تفكيرك؟
- ليش؟
- كيف تغلبت او استفدت من هالتاثير؟
- من وجه نظرك، اذا كنت تفكر باليزنسس، شنوا تحتاج من مصادر؟
- ليش هالمصادر؟
- اشلون بتحصلها؟

سؤال البحث الثالث: ماهي السمات الشخصية التي قد تؤثر في قرارات أو نوايا المبادرين الكامنين وقد تؤثر في أفعال المبادرين الفاعلين والمستمرين؟

- كيف هي نتائج الاختبار وما رايك فيها؟
- لماذا؟
- ماذا عن تقبل المخاطر؟
- ولماذا؟
- وماذا عن الثقة بالنفس؟
- ولماذا؟
- التعامل مع المجهول، تغيرات الحياه، او التحكم بالظروف او الايمان بالحظ؟
- لماذا؟
- هل هم طموحين، لديهم الحماسه والتشجيع الذاتي، والذاتيه؟
- لماذا؟

الختام: نهاية المقابلة

- هل هناك أي شيء تريد إضافته؟
- هل تقدر أن تعرف (شخص، منظمة، كتاب، تقرير أو دراسة) تثرى الدراسة بالمعلومات؟

كل الشكر و التقدير لوقتكم الثمين في المشاركة بهذا البحث

Appendix E: Ethical Considerations (Arabic)



INFORMED CONSENT FORM (ARABIC)

نموذج أقرار بالموافقة

الغرض من هذه الدراسة:

يهدف هذا البحث الى تحديد العقبات الرئيسية التي تعترض اكمال عملية المبادرة في الكويت . و ستساعد نتائج هذه الدراسة على زيادة فهمنا حول أمتناع الشباب الكويتي الأنخراط بتلك العملية بشكل أفضل.

لا تتردد طرح اي أسئلة أو إثارة المخاوف في أي وقت عن طبيعة الدراسة أو الأساليب المستخدمة. لا تتردد في الاتصال شخصيا في أي وقت على عنوان البريد الإلكتروني أو رقم الهاتف المقدم لك.

المشاركة:

مشاركتم في هذه الدراسة عن طريق مقابلة مسجلة مع الباحث مدتها اقل من ساعة واحدة تقريبا. سيطلب منك الاجابة على سلسلة من الأسئلة ذات الصلة بموضوع البحث. ليس مطلوباً منك أن تجيب على كل الأسئلة. قد تختار عدم الاجابة على أي سؤال أن يجعلك تشعر بعدم الارتياح. في أي وقت يمكن ان تخطر بالباحث أن كنت ترغب في التوقف عن المقابلة ومشاركتم في هذه الدراسة.

السرية:

بما أن المقابلة سوف تكون مثبتة على شريط مسجل، نرجوا العلم أنه لن يتم تسجيل اسمك او مقر عملك على الشريط. لن يرتبط اسمك أو مقر عملك مع أي جزء من التقرير المكتوب للبحث. وستبقى جميع المعلومات سرية. الباحث لن يشارك المعلومات الخاصة بك مع أي شخص آخر او هيئة أخرى لضمان السرية. سوف يكون الباحث والمشارفين على البحث فقط من يمكن لهم الصلاحية الى الوصول إلى بيانات المقابلة (أي النصوص) وعليه نطلب من المشاركين إذنتهم و الموافقة على ذلك.

الخصوصية:

سوف فقط أن يسمع الأشرطة التي كتبها لي لغرض هذه الدراسة. إذا كنت تشعر بعدم الارتياح مع المسجل، قد نطلب أن يتم إيقاف تشغيله في أي وقت. للحصول على معلومات الخاصة بك، وسيتم تدمير شريط صوتي من المقابلة بمجرد أن المعلومات قد تم نسخها بالكامل ومجهول المصدر. المعلومات التي جمعها لكم وسوف تستخدم غيرهم من المشاركين في كتابة تقرير البحث النوعي. ومع ذلك، يمكن أن تستخدم اقتباسات مباشرة من أنت في ورقة، سيتم الاحتفاظ اسمك وغيرها من المعلومات الشخصية المجهولة.

حقوق المشاركة:

لديك الحق في الانسحاب من الدراسة في أي وقت. في حال اخترت الانسحاب من الدراسة سيتم تدمير جميع المعلومات التي تقدمها) بما في ذلك الأشرطة (وحذفت من الورقة النهائية. ليس هناك عقوبة لوقف المشاركة. أنت حر في الانسحاب من الدراسة في أي وقت

شكرا لكم على المشاركة في هذه الدراسة

مرة أخرى، شكرا لكم لموافقتهم على المشاركة في هذه الدراسة. إذا كان لديك أي استفسار حول هذا البحث، يرجى الاتصال بي في أي وقت أو الاتصال المشرفين على البحث:

برفسور :كرستوس كالانتاريديس

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Appendix F: Sample Interview Transcript Translation

This is a part of actual interview with intending entrepreneur in Kuwait, it been used here as a sample of translation between Arabic to English.

Who (family, friends, society) support or discourage your thoughts of opining your business? What they do?	منوا من الاهل الاصحاب او المجتمع, ايدوك او ثبطوك عن افكارك البنسيه؟ شسوا؟
The moment I consult my intention to be businessman to my dad, his face converted into red and he said: (Are you serious!! Enough games and playing a round, concentrate on your studies and do something good in your life, graduate have a job make a family and don't think about rubbish things, if you want my blessing).	لحظه ما قلت حق الوالد عن فكري وأنا ودي أسوي بنسس, أنقلب وبه وصار أحمر من العصبية. وقال: (من صجك انت!! اترك عنك هالخرابيط, والحشي الفاضي, ركز بدراستك أحسلك, لان هي الي بتنفعك وتخليك تشتغل وتزوج وتيبب أعيال, وعن الربره, قوم الله يرضالي عليك)
How it affect your thinking of establishing your business? Please give an example?	كيف اثرت علي تفكيرك؟ مثال لوسمحت؟
At that moment I remember my uncle failure story, as his business bankruptcy and he is living on his brothers and sister help. So I quit	حزتها تذكرت موقف عمي الي خسر تجارته وعایش عاليه علي أخوانه و خواته. فهونت عن الفكره

Appendix G: Sample of Coding Process

CLUSTER: INSTITUTIONS

THEME: INFORMAL INSTITUTIONS

SUBTHEME: Wassita

Transcript	Code	description	Preliminary thoughts	category
“Wassita could be a member in royal family, business family or an executive in the government, those in particular because they have the power to do things.	Wassita	what is Wassita, who own it and why?	definition of Wassita	The concept of Wassita in Kuwait context
“If you have the right Wassita then everything will be done, the question is how to get this Wassita and when to use it.”	Wassita	there are levels of Wassita that suit different level of challenges		
“I have a bachelor degree and my boss does not have even a high school certificate, we have deferent mentalities and education level, which put us in continuous conflict. Every time I come with new idea in how to run the work, he refused it and clearly states ‘do it as we always do’. This is annoying we lose time and effort in a job that it can be done in five minutes. I always get fights with him, he can’t fire me and I can’t put a complaint against him. Each one of us is Kuwaiti and has his own Wassita.”	Wassita	Wassita is a common social concept in and most Kuwaitis use it in their social and profession life		
The first thing an individual do to secure Wassita is searching for it in Diwaniya. The individual will ask in the Diwaniya about the required Wassita, the member of Diwaniya will connect him with the person who knows the executive or to the executive directly. If not he will go to another Diwaniya till he reach the Wassita he wants.”	Wassita	Diwaniya is source for providing Wassita	How to secure Wassita	
“My family members do not have this powerful Wassita or social connection. That’s why my family always told me to do my best in my studies and try to be one of the first in my class so I will grantee a job or to have scholarship for higher education so that when I am back, I will have a decent job awaiting me.”	Wassita	family and social connections are source for providing Wassita		
“Basically Diwaniya is a manufacture for social connection and relation. Powerful tool to be socially accepted and it is easy channel for searching for Wassita”	Wassita	secure Wassita by Diwaniya		
“We (females) are not allowed to attend Diwaniya, so we send our fathers, brothers or husbands to their Diwaniya and let them search for Wassita.”	Wassita	female can access to Wassita via their male family member		
“I think the concept of Wassita has changed now days. In old days Wassita was something to help people to have their rights or to reconcile between people if they have and dispute. Now days it is mean of corruption as who have the power can get what he want even if is not legible for”	Wassita	in old days Wassita help people, now days it is tool of corruption	role of Wassita in society	

"Wassita is very important assets that individual have, in fact the Kuwaiti community is based in Wassita. Everything is depending on Wassita. The community appreciate the person who has powerful Wassita."	Wassita	Wassita is an asset that social life is based on and the higher level Wassita you have the more appreciation shall get from the society		
"I don't think an individual who have Wassita or not will have a role in stopping that individual in thinking about business."	Wassita	lack of Wassita is not important for decision making process in being latent entrepreneurs	dispute if lack of Wassita is challenging or not	the role of Wassita on intending entrepreneurship
"I know that I do not have that powerful Wassita neither my family have, but this did not stop me from continuing in finishing my business idea."	Wassita	lack of Wassita is a challenge thing		
I know there is rules and regulation I should follow to register my business license, and I know it is so difficult and complicated. But I always say there is a way to do anything in Kuwait.	there is a way to do anything in Kuwait.	Wassita ease the business licence procedure	informal solution to formal challenges	
"Everybody is saying that business licence is a complicated procedure and therefore I do not want to add another obstacle to my head, I promise myself to have clear mind to concentrate on the business idea, and after that I belief there is thousand way to resolve the registration issue. At the end of the day it is a country of Wassita."	country of Wassita	Wassita ease the business licence procedure	informal solution to formal challenges	
"I've tried to issue the business license by myself but it seems that no one can do with this complicated and difficult requirement for it, so I asked from my Wassita the help, and he did"	Wassita	Wassita ease the business licence procedure	informal solution to formal challenges	
As am starting up my business I also sure that I should build also my social networks. Because I surely need it, without it will be difficult to continue in such business".	social network	Wassita help in starting up a business	informal solution to formal challenges	
"After big efforts in spending time and money, and lots of kissing noses, I managed to issue the license, thank god. But I know lot of people could not issue it."	kissing noses	Wassita ease the business licence procedure	informal solution to formal challenges	the role of Wassita on actual entrepreneurship
"I do not know how I managed to get the money to run my business, I think without my Wassita I couldn't convince the financial firm to grant the money for my business."	Wassita	Wassita can provide access to finance	informal solution to formal challenges	
"Because I know the family owner of the bank I got the family discounted interest, and believe me it is really a big deference."	know the family owner of the bank	Wassita can provide access to finance	informal solution to formal challenges	